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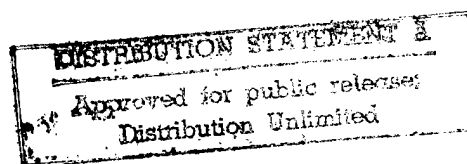


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Pan-European Union's President Views Breakup
92CH0771A Prague TELEGRAF in Czech 2 Jul 92 p 3

[Interview with Otto von Habsburg, a member of the European Parliament and president of the Pan-European Union, by Jiri Rysanek; place and date not given: "His Highness Archduke Otto von Habsburg, in an Exclusive Interview With TELEGRAF: 'Do It Immediately'"]

[Text] *Dr. Otto von Habsburg, born 1912, a member of the European Parliament and president of the Pan-European Union.*

[Rysanek] Your Highness, what attitude do the representatives of the Pan-European Union have to the development of events in the CSFR immediately following the elections?

[Von Habsburg] I cannot speak for the whole Pan-European Union, since it is a very decentralized and liberal organization and there are various attitudes to this issue. But I can give you my personal opinion. We, as the EC, have relations with one Czechoslovak state. If the two states decide to split apart, we will have to rework this relationship. Of course, there is a possibility that one of the states will accept the agreement signed between the EC and the CSFR to its full extent. In that case, the continuance of the agreement could be ensured. But we have to wait to see what your country will decide. At this point, I would like to state that I believe that you should not waste any time. If you decide to do something, do it immediately, because time plays a crucial role in politics. So far, you have used it quite well. For instance, this was obvious in your negotiations about the removal of the Soviet Army. I believe that if you had delayed, even for a few months, you would not be rid of the Soviet units. Our Polish friends, for example, are now facing this problem.

[Rysanek] In your opinion, what role does the Pan-European Union play in European integration?

[Von Habsburg] We were the only European organization that did not accept the results of the Yalta agreement. In West Europe we always insisted that Europe extends beyond the boundaries of that agreement, that the Czechs, the Slovaks, and the Hungarians are just as much Europeans as, for instance, the British or the Portuguese. That has always been our fundamental attitude. In August 1989, when we organized a Pan-European picnic on the Austro-Hungarian border, we enabled 600 citizens of the former GDR to cross over into Austria and then go on to the FRG. Later, Erich Honecker himself admitted in an interview for a British paper that that was the biggest blow, a kind of catalyst for a chemical reaction. And I believe that Honecker's fall directly led to the fall of Husak and the execution of Ceausescu. It is the logical consequence of what we were trying to attain for all those years. I would like to emphasize that an organization of the Pan-European union existed here in Bohemia-Moravia even under the communists, and it was one of the best we ever had.

[Rysanek] What do you think about the existence of organizations such as Hexagonal or the so-called Visegradska Troika?

[Von Habsburg] You cannot enter Europe overnight. You always have to bear the final goal in mind, but you must move forward step by step. In other words, have your eyes on the horizon but pick the flowers along the way. I believe in the importance of these temporary organizations, but they are not the final solution.

[Rysanek] Do you believe that it is important for Czechoslovakia, Poland, and Hungary to enter Europe at the same time?

[Von Habsburg] It is not vitally important, but it would be better. Perhaps I am too obsessed by the dangers facing us. In politics it is never a mistake to be surprised by good news; however, it is unforgivable if someone is unprepared for bad news. Therefore I believe that every political activity must assume the worst possible alternative. That, by the way, is why I always emphasize the time aspect in politics.

[Rysanek] Does this mean that the attitude of the French socialists in the EC led by Jacques Delors, that it is mandatory for the countries of the Visegradska Troika to move "toward Europe" synchronously, still exists?

[Von Habsburg] Not any more. It was one of the arguments used in the past by Mr. Delors. But it has been superseded by events which he can no longer stop. He cannot prevent those who are better prepared from pursuing their path toward the EC more quickly.

[Rysanek] In one of his lectures, the British political scientist Brian O'Sullivan expressed the fear that if European economic and military structures are strengthened too much to the detriment of transatlantic cooperation, this could ultimately endanger worldwide stability because the United States of America would in time become relatively isolated. Do you agree with his opinion?

[Von Habsburg] The balance of transatlantic linkages was already impaired by the fall of communism. At this time the United States is the only world superpower. It is something to think about. Consider the U.S. elections, for example. Who knows what will happen. We are now dependent on a decision over which we have no control. We must think about creating a new equilibrium between the two Atlantic shores. Whether we like it or not, Europe must become the second, compensatory superpower. Let us not forget that we are already by far the largest economic power in the world. Economically the countries of the EC are much more significant than the United States. But this is not obvious, because we are politically very weak. I believe that it is in the interest of the Americans themselves to recreate equilibrium in international relations, which is a prerequisite for the peaceful order of the world. Disequilibrium always leads to very unpleasant events. For example, the monopoly of

the dollar in financial relations brought us some disadvantages and, at the same time, it fatally weakened the U.S. currency. I believe that we should not repeat mistakes that have already been made on both sides of the Atlantic....

Filkus Interviewed About Federation Breakup

AU1008060492 Prague TELEGRAF in Czech
6 Aug 92 p 3

[Interview with Rudolf Filkus, Federal first deputy prime minister, by Jiri Rysanek; place and date not given: "The Spectacles of a (Slovak) Economist"]

[Text] [Rysanek] Mr. Deputy Prime Minister, do you agree with the view that the only way to resolve the constitutional and legal situation in the CSFR is to start again from two independent republics?

[Filkus] I do not support that view. You know, whenever I consider such issues, I always put on my economist's spectacles. I think everything that would have to be done from that point of view would be far too expensive for each entity. Incidentally, I have the same approach to the Slovak nation's emancipation process. I respect and admire that process very much, because I know it is not only taking place in our country, but throughout Europe. Nevertheless, if its consequences were to completely oppress the citizen—that is, if he were impoverished and made considerably worse off than previously—I feel we would have missed the mark. However, let me return to your question; I am aware of what dividing the common state will cost and that it will not be easy. If we proceed from the hypothesis "let us separate so we can be together," I would consider it more advantageous to agree on our common interests and to continue within the framework of those interests. Let us forge a treaty between the republics, and then we will not have to separate. I would like to mention one of the conclusions I have reached. I consider coexistence between Czechs and Slovaks to be a fundamental starting point and a kind of roof beneath which everything else should be accommodated. That represents, among other things, a further opportunity to speed up economic transformation, even under the conditions of a, shall we say, less well developed market economy such as the Slovak economy.

[Rysanek] Wouldn't it be better to define the extent and nature of cooperation between the Czech and Slovak Republics after the common state breaks up?

[Filkus] I am of the opinion that, first of all, we should say what our common interests are and only then agree on a form for the constitutional and legal arrangement. I would like to hear matter-of-fact reasoning telling me what we would gain by separation. Maybe a survey of the republics' assets and property, but what else? You know, I am constantly thinking about the cost of separation and about its impact from the point of view of foreign relations. There are already certain unfavorable signs, for example, from the European Parliament. Of course, I

do not consider the view expressed by Jannis Sakellariou (if it breaks up, the CSFR can forget about its association agreement with the EC) to be decisive; however, that is the view he expressed in the European Parliament, and it was accepted.

[Rysanek] However, since 23 July at least, nothing has been discussed by the Civic Democratic Party [ODS] and the Movement for a Democratic Slovakia [HZDS], and, therefore, by the republican parliaments—except the CSFR's breakup and possible future cooperation between the independent republics in four key areas....

[Filkus] Don't you think the efforts by the ODS and HZDS to weed out our common interests is also being discussed here? Take the last round of talks between the republican representatives; it is obvious that compromises were made by both sides. The compromises indicate that we are trying to say something more about our common interests and to proceed on that basis.

[Rysanek] Czech political representatives are of the opinion that it will obviously be impossible to form a monetary union with the Slovak Republic in the future on account of Slovakia's different taxation and social policies. What do you think?

[Filkus] In Switzerland, for example, the taxation system is harmonized. Without in any way altering the canton budgets' relationship to the federal budget, the cantons have an opportunity to use a certain part of the taxes for their own development—for example, to guarantee a greater influx of capital. I do not agree with those Slovak economists pushing for a completely different taxation system in the Slovak Republic. A different taxation policy also means a different customs policy. In such a case, we could not even talk about a customs union. When I talk about harmonizing the taxation system, I mean uniform tax rates and a single taxation policy that can be harmonized in a specific tax structure for a specific region.

[Rysanek] One of the compulsory prerequisites for our "entry into Europe" is, apart from a developed market economy, observation of human rights and freedoms. Don't you think that something is amiss in that regard in Slovakia?

[Filkus] I perceive the equal implementation of human and democratic rights to be one of the most important factors under the "roof" of our common interests. If you are convinced that human rights are being violated in Slovakia, you have to prove it.

[Rysanek] Our information about the subject comes from reliable sources—for example, from Charter 77 and the Human Movement.

[Filkus] That information is exaggerated in many cases, it is often badly interpreted, and mistakes are often made. However, I think it is necessary to proceed very specifically in such cases; it is necessary to say that

something has happened and then deal with it. I would not dare to generalize in these matters.

[Rysanek] There was speculation about a possible split within the HZDS even before the elections. There were rumors about at least five ideological streams within the movement and so on. What is the situation today?

[Filkus] I do not know where those sources get their information. If it were all true and if there were really so many wings within the HZDS, the movement as such would no longer exist. I personally regard the HZDS as an entity belonging to the political "center," with a certain "leftist profile." That is a movement with a broad political spectrum and views. However, it is impossible to talk about certain wings within the movement. The fact that each of the participants in a discussion on various topics focuses on this or that issue with his own "searchlight" is a different matter. That is within the framework of an exchange of views, but when the discussion is over, a common conclusion is always reached. I do not think that is a shortcoming.

[Rysanek] Despite that, it is rather peculiar that a single political entity includes individuals with such diverse points of view—for example, on the course of coupon privatization or on the number of banks of issue.

[Filkus] I think some of the statements made by HZDS Deputy Chairman Augustin Marian Huska about suspending coupon privatization or his demands for two independent banks of issue were mistaken. I have never concealed the fact that I hold a different view. Moreover, I think that anyone wanting to introduce something new into the privatization process or, to be more precise, wanting to slow it down or completely change it undermines the citizens' confidence. That cannot be permitted.

[Rysanek] Do you think you were "sent to Coventry" by the HZDS as a federal or, in a certain sense, a liquidating official because of your, from the movement's point of view, nonconformist views?

[Filkus] I have to say that I disagree with the term "liquidating" official. I still deal with matters concerning the Czech and Slovak Federative Republic. The form being prepared for the constitutional and legal arrangement or the extent to which the current Federal Government will intervene in the process is another matter. However, I respect the current constitutional and economic area and I am not so much aware of the liquidity of my position as of what Czech Prime Minister Vaclav Klaus fittingly referred to as the slimming down of federal executive authority. I think that is rational. I do not act as a liquidating official, but as a government member who wants to help maintain the continuity of the democratic and transformation processes, to contribute to seeking a better form for the constitutional and legal arrangement, and also to the Czechoslovak economy's recovery.

Optimists Want Compromise, Others Expect Breakup

92CH0783A Bratislava NARODNA OBRODA in Slovak
7 Jul 92 p 3

[Article by Julius Dembicky: "Consummation Without Partner? It Takes Two for Power-Sharing Concubinage"]

[Text] Several parliamentary political parties and movements represented in the Federal Assembly face the dilemma of a second round of election for CSFR president. They agonize over whether they should show their trump cards prematurely and probably see them beaten, or rather keep them close to their vests; especially for the inevitability when after a second failure President Havel should withdraw his candidacy.

The most frequently mentioned potential candidates for the post of head of state in the current scuttlebutt among political circles are Richard Sacher and Miroslav Sladek. The former interior minister, freshly excommunicated from the Czechoslovak People's Party, would most likely be blocked by the Czech right-wing parties despite hints of support from the HZDS [Movement for a Democratic Slovakia]. Lacking the support of most of the Czech and Slovak political forces, Republican Sladek would probably be satisfied if his candidacy merely gets recorded in the annals of history. But the horse trading over candidates for president of the Republic also suggests the possibility that within the 72-hour deadline no one will be proposed by any political subject by 16 July. Even if that is the case, the second round will not be called off, but evidently postponed by two weeks. On the one hand, it would enlarge the time frame for political agreement, especially between the governing coalitions, but on the other hand, cool calculations of the electoral gambit postponing a repeated candidacy of V. Havel to a third round might well escalate the considerable tension between his supporters and opponents.

That risky game could also completely sink the highest political hopes of optimists favoring a common state who believe that somewhere in the negotiations between the ODS [Civic Democratic Party] and the HZDS there might still be some compromise in reserve. In the corridors of the parliament the most frequently expressed view was that Meciar's HZDS would agree, without claiming a right to adjustment, with a radical economic reform in both parts of the union of states. On the other hand, the tradeoff would be for Klaus's ODS to agree with a completion of Slovak statehood, with the demand for subjectivity under international law, and moreover in that context, a rotation between a Czech and a Slovak president at the head of a future confederation. The first year the right would go to a Czech president and thus, it could be assumed that it would be V. Havel. From the perspective of the dominant political forces, that variant would surely be the most welcome.

Federation optimists rest their hopes, for instance, not only on a statement by Czech Prime Minister V. Klaus: "My sixth sense tells me that everything will come out

better than anybody might think at this moment," but also on the conditional manner that the HZDS leaders have commented on the election of V. Havel as exemplified by statements such as, "for now we will not support his candidacy." A solution to the puzzle of a conditional HZDS support for the incumbent president in the forthcoming rounds is combined by the political forecasters with his eventual self-criticism in the selection of his advisors. There was also the unfinished or embarrassed response of Czech National Council chairman Milan Uhde on the TV program "The Week That Was" to the shocking question by SDL [Party of the Democratic Left] Deputy Chairman Pavol Kanis on whether ODS would nominate Vaclav Klaus as a candidate for the post of federal president.

But a realistic view of the cards dealt to both decisive political subjects suggests that both sides have firmly decided to go for broke. V. Klaus took the opportunity to respond to onlooker comments made by Major and Thatcher for a short visit to Downing Street. Afterward he somehow seemed reassured that by not electing a president, a mechanism was set in motion that can no longer be stopped and that henceforth, events will run by their own momentum. In this complex domestic political crisis, he was encouraged by signals from Moravia and Silesia, where after talks with HZDS, there was a revival of remarkable civic sentiment about belonging together with the Czech Republic.

It seems as if the channels of communication and mutual accommodation are closing on both sides. The situation is made worse by Slovakia's stubborn quest for emancipation, which makes it insist on its own "subjectivity under international law" [*vlastna hedzinarodnopravna subjektivita*] It can easily happen that instead of consummating the emancipation process by completing one's statehood we will not achieve even a confederal concubinage, but rather a vigorous divorce. That is because free life together and a concubinage of two sovereign republics both need, at minimum, a partner. Consummation without a partner cannot be called emancipation.

CSSD Chairman Jiri Horak Explains Position

92CH0738C Prague MLADA FRONTA DNES in Czech
2 Jul 92 p 6

[Interview with Jiri Horak, chairman of the CSSD, Czechoslovak Social Democratic Workers' Party, by Zdenek John; place and date not given: "The Constitution Is Not a Deck of Cards"]

[Text] *At the beginning of this week, almost all of the opposition parties in the parliament got together in Brno. In a joint statement, they are appealing to the ODS [Civic Democratic Party] and the HZDS [Movement for a Democratic Slovakia] to adhere to the constitutional procedure in their negotiations over the legal composition of the state. One of those who was present at the Brno meeting is the chairman of the Czechoslovak Social Democratic Workers' Party, Jiri Horak, whom we asked:*

[John] Do you have the feeling that up to this point the constitution has been violated in any way in the negotiations between the ODS and HZDS?

[Horak] No, I do not feel that there has been any violation of constitutionality. What disturbs us, however, is the possibility that the legal composition of the state could be decided without the people voting on it—without a referendum. I think that on such a serious question, which affects all the citizens of a country, it is the citizens themselves who must have the final word. And in my judgment, that cannot take place through any other means than by putting the issue to a referendum.

[John] The negotiations between the ODS and the HZDS have reached the final stages and now the discussions about the legal composition of the state will move into the parliament. How will the nature of the negotiations change when other parties join them?

[Horak] Until the time that the president names a government, the negotiations are in the hands of Messrs. Klaus and Meciar. I hope that they succeed in carrying out their task of forming a federal government because it will be to the benefit of this country. I do not like to predict how things will further develop in parliament.

[John] Will you support the program announcement of the future government in parliament, even in a case where it makes no reference to a referendum in it?

[Horak] The position of our party is clear and other organizations that we met with in Brno agree with it. We will insist that the referendum be a part of the government's announced program.

[John] Does this mean that if the word "referendum" does not appear in the announcement the party will not vote for the government's announced program?

[Horak] I would not like to go that far. In the government's announcement they will speak of many other things that we must consider, some by ourselves and some in cooperation with other parties. I would say that our attitude toward the government will be very constructive. Understandably, we will expect that its announcement will be one that we can support.

[John] Did the parliamentary opposition in Brno also consider whether to extend President Havel's mandate?

[Horak] We had already spoken of that in the committee meetings in parliament. I feel that we cannot catch up with the matter, primarily because there is no time. I personally have a totally unorthodox attitude toward constant changes in the constitutional laws. For God's sake, the constitution is something sacred, which is not to be shuffled like a deck of cards every other day! I feel that every change in it must be done with due deliberation. In this case, we were virtually told that we should get together and change the constitutional law within 24 hours. But that runs counter to the logic of constitutional laws.

[John] Jan Carnogursky commented on the meeting in Brno by saying that it was attended by those parties that are too weak to have any actual influence on anything with their agreement. What is your opinion?

[Horak] All the parliamentary parties got together there except the KSCM [Communist Party of Bohemia and Moravia], the Republicans, and of course, the government parties. Even though each of the parties has only a few deputies, together they form a political force that cannot be ignored.

[John] However, can you imagine that all the parties could be able to join together for a longer period?

[Horak] It depends on what you mean by join together. On the issue of the legal composition of the state it is possible; we will have to see about other things.

[John] Why did the Republicans and the KSCM not participate in your meeting?

[Horak] We must mutually respect certain specific facts. In the past, I declared several times that for the Social Democrats it is especially difficult—for reasons of past experiences—to enter into any kind of cooperation with the Communist Party. It is possible that other organizations have a similar view. Of course, that does not mean that the parties that were not invited cannot join in our joint declaration in favor of a joint state.

[John] Are you able to imagine that the group of parties from Brno can join together for other purposes than that of the legal composition of the state as well?

[Horak] I would leave that up to the developments in the parliament. There can be various ad hoc groupings formed around the individual laws. It can happen that we will still get together in such a group. I do not see any reason why we could not cooperate in that way.

Defeated Slovak Right Wing Considers Bloc

92CH0743B Prague *LODOVE NOVINY* in Czech
24 Jun 92 p 3

[Interview with Martin Porubjak, chairman of the Civic Democratic Union, by Beata Bernikova; place and date not given: "Bloc or Fusion?"]

[Text] [Elsikova] After the elections, right-wing Slovak parties that failed to win parliamentary representation came up with the idea of forming a conservative bloc. We asked M. Porubjak, chairman of ODU [Civic Democratic Union]: "Have you already done something to put that into effect?"

[Porubjak] Following its congress, the DS [Democratic Party] appointed two representatives with instruction not only to negotiate, but to set up a joint body. The ODU entrusted I. Miklos and J. Langos with the same task. We would like to form a bloc composed of DS, ODU, ODS [Civic Democratic Party], and MOS [Hungarian Civic Party] representatives. We assume that

KDH [Christian Democratic Movement] will also join in a looser association. A problem still outstanding is the DS and MOS orientation toward the Liberal International, whereas we are observers at the European Democratic Union and in the fall are slated to become its members. If we fail to unite on this point we will form a mere bloc, which is one of the alternatives. The other is a fusion, which in my opinion would be presently more effective and more necessary. The weightiest objection to a fusion is raised by MOS, which would thereby lose its nationality dimension and thus a chance to win votes of the Hungarian minority. I don't believe in forcing a resolution to the difficulties; for now we want to hold weekly joint press conferences so that we would not lose the influence and interest of the media people.

We have agreed with representatives of the KDH who are in the parliament that they would join the von Hayek Economic Club which worked in association with ODU. Economists from right-wing parties not represented in the parliament will cooperate with KDH economists in a club whose task would be to prepare, with the help of foreign experts, position papers on the government program statement and on specific legislation proposed by the governing coalition. The views will then be presented in the parliament by KDH deputies. And what is important, KDH has shown interest in such cooperation even though for the most part it addresses the Christian public. We here could form something similar to the coalition of ODS and KDS [Christian Democratic Party].

Langos on Former Communists' Success in Slovakia

92CH0738B Prague *CESKY DENIK* in Czech
24 Jun 92 pp 1-2

[Interview with Jan Langos, former federal minister of interior, by Monika Elsikova; place and date not given: "The Old and the New Testaments"]

[Text] [Elsikova] While a majority of the people in the Czech lands have condemned communism and are supporting the right-wing parties, the "agent" with a communist past won right down the line in Slovakia. Is there really such a difference between the Czechs and the Slovaks? What is the relationship of the Slovaks to communism?

[Langos] In Slovakia, socialism was not reflected in its general outlines as an ideology that had direct effects on the lives of the individuals, the families, or society. The communists were not separated off as a caste in Slovakia. The various personal, familial, or even clan relationships constantly blurred the differences and the sharp boundary between communists and those who did not belong to the party. And that situation continues even today. I would describe it in a single sentence as nationalism being the best possible cover for communism and an activity that can very easily be put forth as working for the people. That connection, which is inherent

between them, can very easily provide a reason for all unhappiness around us and people find it provides such a reason.

[Elsikova] What explains the clear success of a person who is simply unacceptable for the majority of the people in the Czech lands because, if for no other reason, he has created the image of an arrogant liar for himself?

[Langos] People in Slovakia mainly do not want to see that almost all the government's offices down to the okres councils are still held by communists. By concentrating attention on himself, Vladimir Meciar deflects attention from the fact that everywhere that decisions are being made about people's fates and about their daily lives, there are still communists working there, with all their ideas and ideology, their arrogance, and their disdain.

[Elsikova] Do you feel that the failure of the ODU [Civic Democratic Union] is connected with the failure of the OH [Civic Movement]? Or with the installation of a new set of politicians? Both movements after all brought together what appeared to be irreconcilable extremes—on the one hand the elite dissidents and, on the other, the former prominent communist officials.

[Langos] The interesting thing for me is not the election successes of the right wing, but the much more important success of the communists, which is the matter of which we have to speak. The right wing is just now coming into being in Slovakia. As far as the dissent is concerned, I have my own opinion about that. It has fallen into a trap which from the very beginning of the Charter group was set by its communist portion because of the fact that it very rapidly diverted attention from the content of the attacks which everyone addressed to the principle of legality and the legitimacy of power. To the principle which was used to create every unofficial organization whose goal was to criticize the communist power for not adhering to the laws. And which to a certain degree was bound to the communist regime as its double, a critical twin. That was the trap into which the people who did not want to have anything in common with communists also fell.

[Elsikova] But in the situation which we had here, it was a matter of choosing the most acceptable path.

[Langos] Yes, but the individuals join together in their freedom, not in order to be free. Somewhere there is the imaginary boundary between the challenge to attack and its implementation. The dissidents formed a society which was supposed to help their own personal freedom. It should have been exactly the other way around.

[Elsikova] At the end of the 1980's, there were dozens of new initiatives begun and in Slovakia there was a significant underground Catholic movement. How do you now look at the failure of the KDH [Christian Democratic Movement] in traditionally Catholic Slovakia?

[Langos] Even the Catholic dissent by its exclusivity attracted people who were at their wits' end and fled under the protection of that isolated society, so it turned inward upon itself. Instead of making contact with people who were capable of forming associations in their freedom to benefit others, what arose was a protective society for people without freedom. In my opinion that was just the nature of the Catholic dissent. It turned out that even after 1989 it was not capable of presenting itself as a society of free people who have some common task and goal.

[Elsikova] Did you not consider even for a moment whether you should stay in Prague? In your view, what is the situation in Slovakia for the federalist Slovaks?

[Langos] I have never thought that over. I know the rhetoric of the victories in Slovak which speak of federalist Slovaks who "betrayed themselves." This sounds threatening, but each person must decide freely and for themselves. For me it is not a dilemma; I will return as it is the completely natural thing to do and I will continue on. This is not a game for me. The political role is not a temporary role because at this time the decisions are being made as to how people will live in the Czech lands and in Slovakia, as well as the people in Poland and Hungary, for the next decades. Whether we will live freely or whether we will live in some kind of undefined area, constantly designated as postcommunist, an area of continuous skirmishes and continuous experiments with other socialist paths. We have a good chance to get out of this, to get out of the world of dying communist totalitarianism and into a society of free peoples and individuals. This is no game, but a very serious task. During those two years many people who were not drawn into the power plays of the communists gained experience with freedom and democracy. These people now do not want to return to the past and there is great hope for Slovakia in this.

[Elsikova] There was very little success in this matter in Slovakia. We assume that the second thing that the SNR [Slovak National Council] will do right after approving a constitution is to invalidate the lustration law. Do you see any way out of this?

[Langos] That is looking at things developing in a fatalistic manner.

[Elsikova] But there could be a situation like that.

[Langos] Yes, there could. But it is better to take it a step at a time as the situation develops. This is connected with the ability to distinguish between things and not to give in to ideas about what worst possible way the situation could develop.

[Elsikova] But the best policy is one which takes into account the worst possible alternative and can deal with it.

[Langos] Yes, but you do not have to deal with it beforehand, just know how to visualize it and to prevent it through specific decisions and actions.

[Elsikova] You said that you want to help the ODU. Will you also continue to be involved in the defense and security affairs?

[Langos] I want to take part in the creation of a single, strong right-wing party. Defense and security affairs is one of the possibilities and definitely not a political backwater, as it can be the most important at a given time.

[Elsikova] What feeling do you have about doing work which may turn out to have been in vain?

[Langos] Obviously, it will not turn out to be in vain. Dozens of new people have acquired experience which cannot be gained in any other manner. Nothing positive that has happened will turn out to have been in vain, even if it looks that way at first glance.

[Elsikova] Are you not at least a little bit sad about it?

[Langos] No. I know that what we have succeeded in achieving will not be destroyed by any distribution of authority, any decisions by the politicians, or the abolition of a single central agency of state administration.

[Elsikova] In an interview one and a quarter years ago, you spoke about the dark forces in this country. Where are those dark forces today?

[Langos] In my opinion, it is a situation in which we are not capable of making distinctions and we therefore populate the situation in which we are living with demons and speak about the actions of dark forces. We do not know how to grasp the facts in their good and bad aspects and we give in to simple ideas that we are ruled by dark forces without properly making distinctions and naming the forces clearly. It is a crisis of critical understanding, clear distinctions, clearly naming things, and also free activity by the individual.

[Elsikova] When you spoke about personal involvement of the individual, can one say that it was subject to the condition of some kind of faith?

[Langos] It depends on how much a person relies on external forces and whether he decides to live the day-to-day gray life of the person who is not free. I personally do not rely very much on those external influences. One should not connect this directly to a religious faith because I know dozens of people who believe strongly, but in their daily lives they proved able to explain the necessary collaboration very easily, even too easily as far as I am concerned.

[Elsikova] Does some kind of faith or philosophy give you the necessary energy?

[Langos] I get my energy from my experiences as a free person who has not yielded to external pressures.

[Elsikova] Is there any philosophy or philosopher whom you like or who has influenced you a great deal?

[Langos] I do not approach things from the influence of any philosopher or any philosophy. For me, the Hasidic tales, Buber, and mainly Langer were a revelation for me. I did not read them as literature as the Hasidic stories sounded entirely natural to me. I also accept the conservative philosophers as very natural as they constantly refer back to the actual world in their considerations and illustrate their attempts at a description of the world and society with empirical experiences. Conservative thinking does not form some kind of system which is cut off from the facts, but refers to what has been and to what is. I find this kind of contemplation of the world, people, and society that does not go off into abstract positions, but looks for a relationship to the facts, very compatible for me.

[Elsikova] What do you like to read? Does some part of the Bible speak out to you, for example, the New Testament versus the Old Testament?

[Langos] The New Testament does not change even a comma of the Old, so that is an interesting question. Is there some difference between them?

[Elsikova] The New Testament completes the Old....

[Langos] When we speak of completion, there is some kind of time element in that, but because the New Testament explicitly accepts everything that has been expressed and written in the Old Testament, as if it rejects the narrative element of the development, as if the two applied concurrently. That is an important point: how to accept both Testaments as a unified work and not to see the element of a development from the Old Testament to the New Testament because time is only a manifestation of the imperfection of human comprehension of the universe and the creation. It is only imperfection that comprehends the creation in the passage of time. This probably cannot be overcome by contemplation or by understanding, but simply by accepting both of these simultaneously. My favorite theme from the Bible is just that one of reconciling the apparent conflicts between the Old Testament and the New Testament worlds. I put the emphasis on the word "apparent." As far as literature is concerned, I can name some titles: the Hasidic tales that were already mentioned, Buber's *I and Thou*, Steiner's *Treblinka*. I like H. Arendt, Preisner, the modern American Jewish literature, and the Catholic-oriented postwar literature. But these three books are the basic ones to which one has to turn throughout life.

Slovak Culture Minister's Nazi Past Examined
92CH0743C Prague LIDOVE NOVINY in Czech
1 Jul 92 p 3

[Article by Jan Subert: "A Well-Concealed Past? Weighty Documents on the Slovak Culture Minister"]

[Text] Slovak Culture Minister Dusan Slobodnik completed a Hlinka Youth terrorist training course run by SS instructors. Along with its other participants he was detained in April 1945 by NKVD personnel and deported to the Soviet Union. He returned from the USSR in 1953.... We published this information on 26 June with reference to SLOVENSKY DENIK. LIDOVE NOVINY editors have recently obtained materials supporting this information.

The special Hlinka Youth course took place in March 1945 in the village of Sekule near Malacky. An organized recruitment of volunteers for the course began in October and November of 1944, after the defeat of the Slovak uprising, with the Gestapo and the terrorism section of Gehlen's spy agency in the background.

Information on the course mission and activities of some of its graduates emerged in a letter from the office of the Slovak National Council commission for internal affairs addressed to the Foreign Ministry in Prague. It was dated 18 September 1945 and therefore was written five months after the detention of the Sekule school participants by NKVD personnel who also organized the subsequent deportation of the detainees to the USSR. Its text says:

"May I point out that the special Hlinka Youth course in Sekule was not an innocent affair. Its purpose was to train the participants especially in the use of explosives for sabotage acts. The participants, separated into groups, were transported to the front and after crossing it were expected to make contact with other terrorist groups behind the lines. Some of the course's alumni retreated before the Red Army to Moravia where they had earlier participated in the massacre of hay farmers in the village of Plostina and other atrocities; most however remained in Trieste, where they returned to Slovakia and were arrested by NKVD.

"May I ask for intercession with the appropriate Russian authorities so that the youths named on the list may be extradited to our jurisdiction for an appropriate investigation, which will surely lead to the trail of those who perpetrated the mass murder in Plostina and their proper punishment in accordance with their culpability."

In this connection, let us note that the list of then missing youths referred to in the letter, who were detained on 10, 19, and 20 April 1945 in Banska Bystrica and Zvolen by

the KGB's predecessor, contains twenty names of students. Dusan Slobodnik, born on 11 April 1927 in Pezinok, is listed seventh with the notation that he was detained on 20 April 1945 in Zvolen. It also merits interest that seven of the youths, after their return from the Soviet Union, later became agents of the Czechoslovak State Security.

The Foreign Ministry responded to the information and request from the Slovak National Council's commission almost immediately. On 27 September 1945 it dispatched the following letter to the Soviet Embassy:

"The Ministry of Foreign Affairs takes the liberty of advising the Embassy of the USSR that on 20 and 22 April of this year, personnel of the NKVD detained in Banska Bystrica and Zvolen Slovak, students who after the defeat of the Slovak uprising, were invited by the fascist regime to join a special terrorism course of the Hlinka Youth in Sekule near Malacky under the leadership of German SS instructors. The aforementioned returned home after the cessation of military activities.

"The Foreign Ministry begs the USSR Embassy to kindly intercede with the appropriate Soviet military authorities to obtain extradition of the persons named on the attached list to Czechoslovak security organs, for the purpose of investigating and bringing them to justice, as well as obtaining from these persons information about the organization of Hlinka Youth's special terrorism courses and their individual terrorist activities."

The Soviet side's response was delivered on 9 October 1945 and its text included the following: "In response to the note of the CSR [Czechoslovak Republic] Foreign Ministry, the Embassy of the USSR has the honor of advising that the request expressed in the aforementioned note has been forwarded to the appropriate Soviet authorities."

Dusan Slobodnik returned from the Soviet Union after eight years, in December 1953. According to one of LIDOVE NOVINY's sources, at the time of his return to the CSR, in addition to Russian he also spoke English, German, and French. In 1954 he was admitted to the philosophical faculty of Komensky University. Later he reportedly traveled more than 20 times to the Soviet Union and at least 18 times to Western countries.

D. Slobodnik declined to comment on the documents by phone but promised that he would meet today in Bratislava with LIDOVE NOVINY reporters.

Interview With Security Committee Chief Kover

92CH0796A Budapest TALLOZO in Hungarian
2 Jul 92 pp 1,266-1,267

["Transcript" of interview with Laszlo Kover, representative of the Federation of Young Democrats and head of the National Security Committee, by Henrik Havas and Laszlo Juszti in the television program NAP TV; date not given: "We Do Not Have the Tools"]

[Text] [Havas] Laszlo Kover is a parliamentary representative of FIDESZ [Federation of Young Democrats] and chairman of the parliament's National Security Committee.

[Juszti] A successor to Andras Galszecszy was found rather quickly. Do you credit yourself for this success? For months nothing went right, then came a speech, and suddenly here you are.

[Kover] I would like to remain a moderate, and so I am not pinning my hopes on Mr. Antall's election.

[Juszti] How is this viewed within FIDESZ?

[Kover] I can just give my own opinion. There was no special response to this election within FIDESZ.

[Juszti] Is it all the same to you who monitors clandestine operations?

[Kover] Pretty much.

[Juszti] What do you mean?

[Kover] I don't think a person qualified for the post will turn up for a while.

[Juszti] Please explain that to us.

[Kover] I don't think that any member of the new political elite is really competent in this field. Anyone who is, is suspicious. I really don't think it matters who ends up there. Naturally, I am not indifferent in the sense that, as a representative and committee chairman, I need to get along with the person in question. From this standpoint I consider it advantageous to have known Mr. Fuzessy for several years, and it is better than having to establish a relationship with a perfect stranger.

[Havas] There was, of course, a competent person: Miklos Gaspar, one of the Christian Democrats' parliamentary representatives. He said how lucky it is for us that Mr. Fuzessy will know so much.

[Kover] Mr. Fuzessy dissociated himself from that remark at the committee hearing. Or to put it more discreetly: He explained what Mr. Gaspar meant by that statement. This satisfied the committee members. Undoubtedly, people sometimes say unfortunate things. It's part of the game.

[Havas] Are you the gloomiest member of FIDESZ?

[Kover] As far as that goes, I'm one of the more pessimistic persons in the party. Am I gloomy by nature? I certainly haven't had much reason to rejoice during the last two years.

[Juszti] Isn't there any information gathering or counter-intelligence within the party?

[Kover] Information gathering, yes. Counterintelligence, no. Sometimes the latter causes damage.

[Havas] What do you mean by information gathering?

[Kover] It is obvious that each party strives in its own interest to obtain information about its internal affairs—which is no easy thing nowadays—and about the internal state of other parties. In this sense there is an information network, which doesn't mean that there are FIDESZ spies in other parties, even coalition parties.

[Havas] Miklos Omolnar and another representative have introduced a proposal that parliament first cast the spotlight on itself. In parliament there is a single party, FIDESZ, that calmly looks forward to this self-scrutiny. Are you entirely certain about this?

[Kover] Even people who dabble in politics have been forced to learn a few things during the past three or four years. The first lesson is that you can never be sure about anything. Sometimes you even have to doubt yourself, and I say that in all seriousness. In this sense I don't dare to claim anything as certain. At the same time I would be enormously surprised if one of us 23 representatives turned out to have been a member of the previous system's secret police organization at any level. Even if I don't consider this a moral issue, I don't consider it a crime from the party viewpoint. I do consider it stupid to denounce a party if some of its members were involved in such activities. It was obviously in the previous system's primary interest to plant people in the parties.

[Juszti] It's incredible what you just said: Nobody can be certain about anything, and sometimes you even have to doubt yourself. Do politics distort things?

[Kover] I don't know whether it distorts. I am certain that anyone who casually takes up politics, such as current members of the Hungarian political elite, except for the MSZP [Hungarian Socialist Party], has no idea what he is getting into. It's not certain there is distortion, but it is certain there is transformation.

[Juszti] Isn't it gruesome for a young and naive soul to deal with various affairs of counterintelligence and information gathering day after day?

[Kover] I don't think it is as exciting as the whodunits. There's a lot of mystery and secrecy here. It comes with the territory. Maybe for this reason people imagine it to be much more than it really is. It's not such exciting and interesting work at all. To sit on committees and listen to people talk about this and that is just routine work. On the other hand, this is a realm over which even the government cannot exercise genuine control. The deeper

we try to probe into the work of these organizations for information, the more we violate fundamental rules: This work is accompanied by secrecy and conspiracy. Even the directors are not allowed to know everything.

[Havas] You said you would be very surprised if it turned out that any of you 23 were once members of the former national intelligence service. Does this mean you don't know who were members?

[Kover] Obviously, I cannot say anymore here in public, because naturally I don't know who the affected gentlemen in the parliament are. If I did know, that would mean that I'd be accusing the Interior Ministry and others of revealing state secrets.

[Havas] Couldn't you obtain information officially?

[Kover] Of course not. And this is quite proper, just as it should be. It is an entirely different matter whether gossip or deeper information is circulating inside or outside parliament.

[Juszt] What do you mean by deeper information?

[Kover] Something that is more than gossip but doesn't reach the level of certainty.

[Havas] I guess the latter refers to documents that have been issued.

[Kover] Partly. But it's partly a matter of oral information.

[Havas] Then what good is the National Security Committee if after two years the committee chairman still doesn't know anything precise?

[Kover] That's not the purpose of the National Security Committee. Its purpose is to monitor under certain circumstances the activity, usability, and management of clandestine services, to exercise constitutional control over clandestine services. There are two basic conditions for this. It can be done by checking the budget or by receiving information that these clandestine services are not operating in accordance with the law. In that case, we can ask for additional information. Whether there will be more spy cases here, as in Poland and Czechoslovakia, is another question. But that is not the committee's mission. I would be very happy if parliament finally passed a law concerning this. Then the task would not be shouldered by the National Security Committee.

[Juszt] These organizations, by dint of their secrecy, spend their money the way they want. In 1989 the Defense Ministry created a one-person limited-liability company whose purpose was to sell MiG machinery obtained from the Soviet Union to developing countries. The one-person limited-liability company transferred the money received to military intelligence, thus circumventing the parliamentary budget and parliamentary approval. Somehow these limited liability companies—there wasn't just this one—came into being, and indeed they exist today.

[Kover] I can confirm that. To be more precise, not those particular points, but the fact that the danger exists. In all the commotion raised by parliamentary colleague Wachslar, the important thing was not that he came across a few million forints stashed away here and there or that money was handled irregularly, but that it is possible in principle for the existing executive branch to use unmonitored money for such goals—and so that no one thinks I accuse the present government, I am speaking in general about the possibility—or to finance transactions that cannot be regarded as strictly legal. Another problem crops up: solidarity among the "legions of the dismissed." These people have formed certain limited liability companies for personal protection, property protection, etc. These people are incredibly professional and have a lot of information in their heads. I pose the poet's question: What guarantee is there that these people will not be used by someone—and I am not necessarily thinking of political parties or government authorities but more of outside forces—to pursue activities that are not entirely compatible with the constitutional order.

[Juszt] If the National Security Committee cannot keep track of this money, then what have you been doing the last two years?

[Kover] It must be admitted that the National Security Committee does not have the proper tools. This is partly due to the present legislation. The fiscal arrangement, the way it has been up until now, allows us to do very little. Presumably the situation will change this year. It is promised that a new budget that makes it easier to keep track of money—what it is for and how it is spent—will come before the parliament. On the other hand, it must be taken into account that the National Security Committee now acts in a legal vacuum. There is no statute that describes our scope of authority. In this sense we can say that the personal relationship we develop with the supervisory minister, as well as the minister's goodwill and judgment, will determine the committee's jurisdiction. Here I must say that the committee had developed in every respect a sound relationship with Mr. Galszecszy and I have no reason to doubt it will be the same with Mr. Fuzessy.

[Juszt] Jozsef Torgyan recently said that the intelligence service and the police took part in the Belgrade wharf battle. Don't you feel it is necessary for the committee to investigate this?

[Kover] The committee has held a hearing on this matter, though not in public. In the first place, the committee received information from the National Security Office that refutes Mr. Torgyan's claims. At this point, I think, the ball is on Mr. Torgyan's side of the court. Mr. Torgyan did not petition the committee with his existent or nonexistent proof. Until the interested party or parties bring to the committee's attention such facts and such evidence that constitute the basis of a more serious inquest, I am unable to form an opinion on the issue with the information now at my disposal. I

believe that at the moment our current information does not support Mr. Torgyan's claims.

[Havas] On Serbian television, a Yugoslav citizen of Hungarian origin was introduced who said that at a military base in Bekescsaba he was trained for the purpose of carrying out terrorist activities in Serbia. As an organization independent of political parties, perhaps the National Security Committee is entitled to go to Bekescsaba and see for itself whether people are being trained there.

[Kover] Investigative activity is not one of the parliamentary committee's tasks. That is the job of other organizations, other authorities. What it comes down to, once again, is that nobody can furnish information that at least justifies this suspicion. A well-founded suspicion is necessary to launch criminal proceedings.

[Havas] But this is Serbian propaganda.

[Kover] I think propaganda should be fought with propaganda. In the first place, you must prove what someone is accused of, not that someone feels innocent. I'm not saying that the functions of various agencies and organizations should be intermixed. That's not what the parliamentary committee is for. The parliamentary committee's jurisdiction is undefined.

[Juszt] Isn't the parliamentary committee meant, for example, to monitor the government?

[Kover] Yes.

[Juszt] One of your party colleagues, Gabor Fodor, chairman of the Minorities and Human Rights Committee, sat here recently. He said what you said: Daily supervision of the government and government officials does not really occur. Whose fault is this? Is it because you're not quick enough or because the government refuses to be monitored?

[Kover] If the committee finds nothing that clashes with the law, does that mean the committee isn't doing its job? It can be assumed that the government is doing nothing in conflict with the law. It may be incredible after two years, but maybe we still have to give it a chance.

[Havas] The spy problem is still unsolved after two years. I read in the paper that people come and go here, cause disruptions, and act like the mafia.

[Kover] If you journalists keep on writing articles from which a picture takes shape and then try to adjust reality to the picture, that is one thing, of course. I just do not understand why you expect me to view the country according to this picture.

[Havas] If self-scrutiny is really going to take place here, then our faith in all six parties is going to be shaken, because it will become evident that we citizens were played for fools: 380 of you sat in parliament and quite

a few of you knew whom you stood with in the refreshment room or whom you sat down to dine with, and you played us for fools. I would like to see this clearly.

[Kover] I'd also like to see it clearly. Especially with respect to how the entire matter may be solved without our ending up in the situation Poland and Czechoslovakia find themselves in. Because it may be true what you say: You are disappointed in the parliamentary parties, and we betray the public's trust by apparently being deliberately evasive, pushing problems aside, and forgetting about people. At the same time, I pose a question: Do we want to be in the same situation Poland is in? Where it turns out that people with similar jobs, as in Poland and Czechoslovakia, were allegedly spies? It is an extremely complex issue, legally, morally, politically. Believe me, people on the committee and in parliament have been working on this for two years. The fact that we haven't found a solution thus far doesn't mean we won't do so before 1994. Precisely in our own interest. Because I think that this country will lack nothing in 1994, since there will be an election campaign about this matter. If the case is settled tomorrow, if it turns out, let us say, that 30 representatives from Branch III were spies, will you be certain it was just these 30 persons? Or will you continue to say that in addition to these 30 you heard of at least 15 more whose names somehow cropped up?

[Juszt] Maybe FIDESZ owes its popularity to the fact that it did not miscalculate. Is it possible that in this case you were not as active as you should have been?

[Kover] I don't subscribe to that view. Everywhere representatives are active we make ourselves felt. Maybe it doesn't seem like bragging: There are 23 of us in parliament, and we competed with parties with 80, 90, even 160 persons. From here we can approach the issue. These 23 persons put up with a lot. I can't help it if this seems like little in your eyes, but I hope that in the next two years we accomplish no less than we have in the past two years.

Postelection Political Analysis of Coexistence

*92CH0797A Bratislava UJ SZO in Hungarian
7 Jul 92 p 4*

[Statement issued by the Coexistence Political Movement: "On the Country's Situation"]

[Text] As compared to the prior situation, the parliamentary elections of June brought about a change in Czechoslovakia's political life. Along with an unexpectedly large voter turnout, citizens clearly expressed their choice of political parties and political concepts.

Thanks to our electorate, representatives of our coalition are the only persons entitled to provide legitimate representation of the peculiar interests of national minorities. No one else has received a mandate from voters to do so.

The 230,000 people who voted for the coalition candidates supported not only our election program, but also the goals of our movement and our activities thus far. We received their mandate on this basis so as to enable us to continue to support the development of a constitutional state, political pluralism, the functioning of a parliamentary democracy, the evolution of a market economy, and the development of a civil society both in the framework of Coexistence's daily political activities and in parliamentary politics.

The supporters of our movement and our electorate have lived in uncertainty for months. Three issues of almost equal significance preoccupy all of us:

- The future of Czechoslovakia;
- The economic, human rights, and international consequences of the expected partitioning of the country, which inhibit the development of our situation; and
- The settlement of the legal status of national minorities in the context of internationally accepted principles of autonomous governance.

It is important, in our view, to make clear that Czechoslovakia had not reassuringly settled the legal status of national minorities during its 74 years of existence. More than 70 years in the past, one finds that the situation of minorities had deteriorated. The ideals of democracy and human rights have always been secondary to the political interests and the interests of the nation-state.

Post-World War I Central Europe was carved up under the pressure of a peculiar interpretation of the national ideal. The arrangement in Central Europe, once sanctioned at Versailles, is now falling apart as a result of the arrogance of the national ideal. We know from experience that radical changes and the disintegration of states, as well as the evolution of new states, are accompanied by tragic consequences. This is proven mainly by the history of the Hungarian and German minorities, as well as by the current disintegration of Yugoslavia and the bloodshed that can be seen in the territory of the former Soviet Union. The political rearrangement of Central Europe is unavoidable, but it is our function and desire to avoid tragedies and increased tensions. From the standpoint of international stability and the retention of democracy, we view the preservation of Czechoslovakia's identity under international law as one of the basic elements of peace and stability in Central Europe and of the opportunity for European integration. At the same time, however, enforcing respect for human and minority rights is also one of our fundamental goals. We fully recognize that people have a right to self-determination. We profess the principle that groups sharing the same historical and social experience, as well as groups of individuals of the same identity, have a right to self-determination.

The disintegration of the Czechoslovak state is becoming increasingly tangible and unavoidable. The country has no elected president of the Republic. A reduction in the

level of the functioning of parliamentary democracy threatens in Slovakia. Endeavors to achieve sovereignty in Slovakia, an equal member of the Czechoslovak federation, are contrary to the West European integration process. Just recently, the EC states agreed in Maastricht, Holland, to surrender some of their sovereignty in order to deepen their cooperation. This conflict suggests that the expected, rapid integration of the Central European region with West Europe could run into far more obstacles than expected. Czechoslovakia's disintegration could lead to a further escalation of tensions in our region, primarily because the politics of Slovakia's secession are filled with so much passion and are so success-oriented that they may offset the fiascos that could occur as a result of the obstacles by advocating the hatred of aliens. Historically, this kind of policy has been incapable of producing anything else. But a lack of understanding of the situation could also force Slovak politics to embark on such a path.

Despite our reservations, we view the present endeavors of the Slovak nation as just, as historically well founded, understandable from a political standpoint, and based on the principle of national self-determination. A failure to recognize this need and a rejection of this need could force Slovak politics to embark on a constrained path. It could turn away Slovak politics from West Europe and redirect the same toward the East. It could remove all of us from European development and from the establishment of a civil society. For this reason, the Slovak people's endeavor for self-determination must be understood not only as a matter of principle, but also from a pragmatic standpoint.

From our standpoint, this endeavor becomes acceptable only if the chosen solutions provide security for citizens as well as human and civil rights, and observe the standards of international law and the principles contained in international documents—primarily of the Helsinki process and the recommendations adopted by the Council of Europe. These should be regarded as legal minimums as far as human rights, basic civil rights, and the rights of national minorities are concerned.

In conjunction with all of this and with our movement's program, and consistent with the mandate received from the electorate, we will make an effort to render the self-determination of national minorities a reality that is consistent with the principle of the adequate enforcement of rights.

Only in the context of these considerations and goals can we take a position regarding the transformation of Czechoslovakia's public law.

South Tirol Cited as Minority Issue Solution

92CH0797C Bratislava UJ SZO in Hungarian
27 Jun 92 p 3

[Article by Peter Magyar: "Europe's Best Guaranteed National Minority": South Tirol Situation Analysis—Lessons for Some"]

[Text] We are approaching the last city on the highway, which is increasingly ascending into the Italian Alps, the one that leads through the Brenner Pass to Innsbruck. The road sign calls this city Bolzano, but its residents call it Bozen. At the edge of the city one finds a huge, white marble cube, an awkward victory arch constantly guarded by gendarmes to save it from being blown up. Mussolini had it erected as a reminder of "victory." "*Hic patriae fines*", the bombastic inscription reads. "This is how far we have carried the national flag and extended the national border." We are surrounded by the the 1,300-meter-tall peaks of the Alps. Fresh Adriatic fish are being served in a nearby restaurant. The building once served as a customs house on the border of the good old monarchy and the Kingdom of Italy. But on 4 November 1918, in the wake of the monarchy's defeat and the London Pact (the result of bargaining by the Italian Government in 1915, before Italy entered the war) the border had changed: The Italians moved it all the way to the Brenner Pass, a place of strategic significance. With that the Italians of Trento returned to the fatherland; at the same time, however, the people of Bozen became Italian citizens.

"We Got What We Wanted"

In essence, the conflict has lasted since then to this date. South Tirolians initially regarded the change as temporary. They proclaimed their own independent republic, but soon thereafter were forced to realize that the British and the French were going to decide border issues. A few years later, Mussolini, with his characteristic zeal, began to italianize the region. Officials from the south were settled here, and even the forests and places received new names. The situation did not change in 1946, after the new peace treaty. Austria had been part of Hitler's empire, and many South Tirolians had been enthusiastic about Nazi ideals. Bozen remained part of Italy.

Today, the province of Alto-Adige (the Italian name of South Tirol) has a German population numbering about half a million. The area is markedly different from the colorful southern disorder characteristic of Italian villages. Everything is clean and organized in this place. Even the vegetables are lined up in military order at the market. In small taverns people ask for frankfurters with cabbage and beer instead of pizza and red wine. And every merchant provides a bill before it is asked for....

137 Laws, Legal Provisions

Bomb explosions and attempted murders were everyday events in this area 20 to 30 years ago. Long-distance electrical lines were toppled, railroad tracks were frequently damaged, and the gendarmerie was on constant alert. Certain Austrian circles secretly supported the terrorists, while Austria openly turned to the UN and to the International Court of Justice at The Hague, asserting that Italy was oppressing the minority.

The South Tirolian People's Party represents 90 percent of the German-speaking population of Bozen. At its

special congress held in Merano the other day, the party declared the South-Tirolian issue to be a permanently closed case: "We have no more demands. We got what we asked for," according to Senator Roland Riz, the head of the party.

The bargaining and the tug-of-war lasted for years, of course, while the realization of goals lasted for decades; it had been administered drop by drop. A "package agreement" had been reached in 1969; the provisions of this agreement are now regarded as implemented. The package contains 137 laws, decrees, and legal provisions ensuring autonomy and nationality rights to the local government of Bolzano (Bozen). These legal provisions were adopted by the Italian Parliament, and were proclaimed in the official report; accordingly, all of these provisions are now in force. They provide for the province's special legal status and language use. Government administration is bilingual in Bolzano, and so are street signs and the designations of localities. Germans may enroll in schools teaching in the native language, they may use their language in courts, and there is a German-language radio and newspaper. Representation is proportionate in local government administration, i.e., German-speaking people are in the majority. So much so that local Italians feel disadvantaged, and during annual conscriptions they register as German-speaking people to acquire financial advantages and job opportunities.

Italian governments have kept their word and have implemented everything that was promised, albeit without much enthusiasm. They also figured out that insurrections in South Tirol can best be quelled with money, rather than by the force of the gendarmerie. Bolzano is one of the wealthiest Italian cities today. It receives its share of the central budget, well in excess of the comparative population ratio; the city is authorized to spend 2,500 billion lire (\$2 billion) annually. In the end, Rome has purchased the German-speaking minority with at least as much prosperity as granted rights. South Tirolians are wealthy today and do not wish to become separate from Italy; they feel quite well under the "alien yoke."

Rights nevertheless remain an important issue. Bolzano wants more and more rights, and the result of this demand is that, as of today, Bolzano has a minority with the most highly guaranteed rights in Europe, where the implementation of legal and administrative solutions could serve as a model for others. The most heated debate pertained to the issue of "validity under international law," as stated in the South-Tirolian package. Bolzano (with the support of Austria) feels that the acquired rights could best be preserved if an international forum, the International Court of Justice at The Hague, would check whether Italy fully abided by everything it had granted. After all, the Parliament in Rome could, at any time, adopt restrictive laws, according to the cautious South Tirolians. Rome takes the position that this matter is an internal affair, and that international bodies have nothing to do with it.

See, It Can Be Done This Way, Too

With changes in the European atmosphere, a view that holds that international linkage must not be rejected slowly has begun to prevail. After all, much sovereignty has already been transferred to supranational organizations within the European integration, and even more will be transferred to such organizations in the future. Austria itself is aspiring to EC membership. They recognized in Rome that the issue is different today than it was 30 years ago.

Thus, on 22 April 1992 the Italian Government forwarded the entire South-Tirolian legislative package to Austria as part of a memorandum. The memorandum is interpreted as "having accomplished the necessary international linkage." The nationalities "package" of South Tirol is no longer a mere internal affair, but it is also the result of an agreement reached with Austria; accordingly,

it is valid under international law, and henceforth the local government of Bolzano is going to be able to complain at The Hague if rights are violated. This, incidentally, has already been mentioned in the 1969 agreement. In this framework Austria's role is that of a certain "supportive power," and this is a unique solution for guaranteeing the rights of national minorities in Europe.

Now it is Austria's turn to accept the package, since the South Tirolians and Rome have already done so, and to declare the South-Tirolian case closed also on its part. The extremists, the separatists, have become a minority. A sober conduct, prepared to make compromises, has prevailed both in Rome and in Bolzano.

See, it can also be done this way. Some people in the more eastern regions of Europe could learn a lesson from this story....

Suchocka on Government Tenure, Goals, Coalition

92EP0590A Warsaw *POLITYKA* in Polish
No 30, 25 Jul 92 pp 1, 5

[Interview with Prime Minister Hanna Suchocka by Janina Pradowska and Wieslaw Wladyka; date and place not given: "I Fear Slogans: There Would Be No Point in Forming This Coalition and This Government Were We To Assume Defeat in Advance"]

[Text] [POLITYKA] It seemed to us that your becoming a candidate for prime minister, and thereafter the prime minister, was unusually easy. Once you alighted from that plane arriving from London, everything became clear—you were going to be the prime minister. Did you at all have any time left to consider what all this involved?

[Suchocka] In politics many things look different when seen from outside and from inside. This also applies to my decision to become a candidate for prime minister. For three days I experienced grave doubts, wrestled with them, before I finally decided to accept the nomination. I was aware from the outset what this involved, what I was going to decide in favor of, and what would be the consequences. You yourself know how difficult the situation is, not the economic but the social one, and how great are the expectations attached to the person of the new prime minister and the new government, and how limited the possibilities are. I realized perfectly that, following the protracted government crisis, the expectations concerning myself would be still greater.

My doubts also were lined to my feeling uncertain about gaining social approbation. I am a deputy and I have worked in the parliament, but I always focused on legislation. I used to stand somewhere in the background. I took no part in the political games, believing that people accept more readily and rapidly individuals who already are known to them and to whom they are accustomed, and whom they like because they know what to expect of them. Would not it be nice for someone considered a near acquaintance to become prime minister?

[POLITYKA] But top-ranking politicians have all tried out for that role, and some even got burned for their pains.

[Suchocka] I believe that nowadays we have several good candidates for prime minister. I had suggested them to my colleagues. But there has to be a time for everything. A government is always formed in a particular social and political context, and it turned out that this context is such that everything somehow is focused on me and is linked to me.

[POLITYKA] What was your role in the coalition talks? We had the impressions that politicians from several parties prepared for you a ready-made structure, so to speak, which you entered and willy-nilly had to accept with all its pluses and minuses. Was not there any room at all for your own initiative?

[Suchocka] There was little room. Please bear in mind that I arrived in this country after the coalition talks had already lasted for some 30 hours. Negotiators were appointed and vested with the power to reach agreement on many matters, which they did—concerning my nomination as well. My principal question at the moment was, what if I say no, what if I question their agreements, would this mean that the newly formed coalition would fall apart? I was told that, yes, that was likely. Perhaps I should have taken the risk and said no; perhaps I should have posed firm conditions, but I could not get rid of the feeling that if the coalition were to fall apart I would bear responsibility for its failure and for the consequences. That was my dilemma. On the other hand, I was aware that I was joining a certain political alignment and the government was beginning to be associated with my name, and I was able to decide to some extent on its composition.

[POLITYKA] The negotiators put forward your name because politically thankless gestures had to be made, for example, saying no to Mr. Glapinski.

[Suchocka] Yes, it fell to my lot to make personnel appointments. This applies not only to the Glapinski case, which gained considerable political and partisan publicity, although he was not the only person whom I refused to accept in my government. The principle for forming a coalition government, as adopted by the negotiators, was that ministerial portfolios were to be apportioned among the political parties involved but the final decision on these appointments was mine. We considered various individuals, and in several cases at my wish the parties altered the nominations. In one case, precisely that of Adam Glapinski, no compromise could be reached, although I was ready for it. I accepted all the other nominees of the Center Accord [PC], on proposing in one case, that of the Ministry of Foreign Economic Relations, to leave the post vacant. No agreement was reached and that particular aspect of the coalition with PC remains unsolved.

[POLITYKA] But why did you not resist appointing to ministerial posts nominees who met with highly negative evaluation by Sejm committees?

[Suchocka] The negotiations continued till the last moment and my freedom of maneuver was limited. For example, I could not transfer any ministerial portfolio to a different party. Thus when the parties continued to support their nominees even after the verdicts of the Sejm committees, I had to proceed from the assumption that persons to whom Sejm committees were opposed had to be appointed anyway, and would have to prove themselves in their positions before eventually they could be replaced.

[POLITYKA] You thus are both the prime minister and a hostage of the coalition, properly speaking. The responsibility is yours. The press is publishing articles under the heading, "The Ministers of Ms. Suchocka."

[Suchocka] That exactly is the role of the prime minister within a highly complex coalition system in any country. We are perfectly familiar with such situations from our interwar period and from the period of the Third and Fourth Republics in France, when each time the prime ministers became entangled in coalitions and alignments on which their influence was rather limited. I expect, however, that, as the government continues to operate, if it should turn out the ministers are not coping, the parties would respond positively to my suggestion that they be replaced.

[POLITYKA] Either that or they would get insulted and break up the coalition, and hence also cause the government to fall apart.

[Suchocka] This possibility also cannot be excluded. At the moment, now that the new government is just beginning to work, there exist no premises for suspecting any coalition party of such intentions. I believe that the parties intend to adhere to the coalition agreement, and this is the basis on which I can build anything.

[POLITYKA] You have years of experience in parliamentary work and politics. But have you learned anything new between the time you flew in from London as an eventual nominee for prime minister, and the time you were appointed to this position?

[Suchocka] I had a close view of the extremely difficult art of negotiating. That was a lesson that strengthened my belief—one to which I always tried to be faithful anyway—that, no matter how much one may differ with partners, one should talk with them so as not to burn one's bridges. Nowadays this is my guiding principle. What is more, I realized that in this country, after all the events that have occurred, the only way of creating something sensible and constructive is by trying to reach a consensus rather than multiplying political and social divisions. I also found that reaching a consensus can be accomplished.

[POLITYKA] Since the disagreements are more parochial than ideological, is not the infighting for government positions concerned with satisfying personal ambitions? Or do you think that the disputes waged about and within this coalition are of a more deeply partisan, ideological nature?

[Suchocka] Most assuredly, I contend that, contrary to appearances, these disputes are ideological. It should be borne in mind that all the parties that entered the parliament did so because voters made choices by supporting some and rejecting others. The voters did not do so for no reason. They opted in favor of a particular individual and a particular program of action. Maintaining this influence on the voters by asserting the identity of a particular political party is highly important

to its leaders. To them this is a question of to be or not to be. During the negotiations this struggle to preserve party identity (even when it is not very explicit, because we have, e.g., several different Christian-democratic parties in this country) was waged very explicitly. No grouping wanted to be blurred by other groupings.

[POLITYKA] But there is the fairly widespread belief that your government is actually the government of the Democratic Union or, speaking more broadly, of the "Little Coalition," the Democratic Union [UD], the PC, and the Christian National Union [Zchn]. Even now people are saying that, while retaining the appearances of a coalition, you will pursue the Union's policy.

[Suchocka] Oh, what things they are saying about me nowadays! Some people claim that I cannot rise above partisan divisions and am entirely under the Union's influence. My associates from the UD, or at least some of them, are inclined to argue, on the other hand, that I have entirely switched to the positions of the Zchn. As for myself, I believe that, since I decided to accept the position of prime minister, I must in a sense be suprapartisan, and that is how I intend to exercise my office. I further believe that I must be ready to make compromises. At the first session of the Council of Ministers I stated clearly that we shall not engage in political games at government sessions. The place for these games is the parliament. All the members of the government agreed with me. For the beginning this is an optimistic fact.

I intend to accent this suprapartisanship of mine in different ways. First, I would like to broaden the coalition, and second, I shall try to establish an advisory taskforce of experts to the prime minister that would consist of representatives of various parties, including those not belonging to the governing coalition, because I would like to view the matters from various standpoints.

[POLITYKA] What used to be your position in the UD actually? It seemed that you were rather closer to Aleksander Hall's conservative Forum of the Democratic Right.

[Suchocka] I occupy a centrist position within the UD. By conviction I am a Christian democrat. I have always stressed this.

[POLITYKA] You declared that as the prime minister you will guide itself by the social teachings of the Roman Catholic Church. What would that mean in practice?

[Suchocka] This can be explained most fully, and at the same time most tersely, as regards the state vis-a-vis the individual. I believe that the state should exercise an auxiliary, subsidiary function, and that the free-market economy demands individual initiative. A person cannot expect the state to provide him with everything—with education, housing, and a job. At the same time, however, the state should step in where the individual cannot cope. Thus, I am not ignoring the entire domain of social rights.

[POLITYKA] Can this be interpreted as meaning that you favor state intervention?

[Suchocka] To some extent, yes. My starting premise is that the state cannot act in the early liberal tradition of "night watchman" alone, but should be somewhat pro-activist toward its citizens. At the same time, it should not be the sole or the principal employer as in the past; it should promote individual activism but help those who are unable to display it.

[POLITYKA] Something does not jibe here, because one of your main advisers is Tadeusz Syryjczyk who, while the minister of industry, presented himself as a man with extremely liberal leanings and thus opposed to any intervention by the state.

[Suchocka] I can assure you that the social teachings of the Catholic Church and the principle of the auxiliary role of the state are very close to him. We do not differ on this issue. But as far as specific details of state intervention are concerned, it would be best if you were to ask him yourself.

[POLITYKA] In your parliamentary address you used yet another formulation. You stated that the social market economy proclaimed as far back as by the Mazowiecki Administration shall remain the foundation of the economic system. But the fairly widespread and realistic belief is that there can be no social market economy in a country as poor as Poland.

[Suchocka] I would take issue with such categorical assertions. Please note that I am not using the term "the mentor state." That is not the point. The point is that a market economy cannot be built in a vacuum, without some linkages to the society and the individual. The problem thus is not so much whether a market economy is feasible in this country but rather what are its boundaries. We must thus rapidly provide the society with an answer to the question of which social functions of the state we should relinquish, and which ones we should absolutely adhere to.

[POLITYKA] So then, which ones can we relinquish?

[Suchocka] That exactly is the question we are studying now, in its various aspects. What have we today? For example, there is the free health care, as inscribed in a constitutional provision. Quite aside from the question of whether that care has ever been really free for many social groups, we must try to find where to draw a line beyond which no deviations from this principle can be made, and determine the level of the related needs that must be satisfied by the state. What are the minimum health care benefits to be like? What is the level starting with which a system of health insurance is to be introduced? How are the activities of various institutions supported from the state budget to be regulated? All this would represent a social market policy, because the state would accept part of the responsibility for the genuinely needy.

[POLITYKA] Many of the doubts concerning your eligibility for the position of prime minister relate to your attitude toward the Catholic Church, to your close ties with the Church. The fact that you signed the Zchn draft of the antiabortion law has been accordingly interpreted by nearly everyone. It is said that through your mediation the Church will gain greater influence. On the other hand, Deputy Marek Jurek criticized your address to the parliament because you were the first Solidarity prime minister to avoid stressing the contributions of the Catholic Church to Poland. What is your view on church-state relations, on the separation of the church from the state? What policy on this issue will be pursued by your government?

[Suchocka] I am aware that however I may answer this question, it will not be to everyone's liking, that any answer I make will be used against me by various political groupings. My position on this issue is clear and unalterable. As far back as in the previous Sejm, while a member of the Constitutional Commission, as we were drafting the chapter on church-state relations, I declared that one of the fundamental principles of the future constitution should be a new formulation of the state's attitude toward the Catholic Church. The relationship between the state and that Church should be regulated in the constitution on the principle of mutual respect, autonomy, and cooperation. This concerns a different view on relations that have up to now been based on an imprecise principle of separation of the church from the state. Such a separation can concern only the institutional aspects. On the other hand separation of the good of the Church from the good of the state should be secondary to the good of the individual, who is simultaneously a member of both these communities.

[POLITYKA] To put it more specifically, do you support religious instruction in schools in the form in which it is organized at present?

[Suchocka] Yes. I favor the solution adopted in this country. I even once authored a study of the teaching of religion in schools in Western countries, indicating various approaches to constitutional and legislative solutions to this question. My study clearly shows that the system followed in Poland is entirely accommodated within Western standards.

[POLITYKA] Excessive emphasis on ideology is ruining our political life. We fear this emphasis, but at the same time we are aware that politics without ideology is impossible. What slogans would you like most to inscribe on your government banner?

[Suchocka] I dread slogans greatly. So many have been proclaimed already, and so many have become rapidly outworn. It seems to me that the terms that I used in speaking of the government of consensus for Poland, of the government of national accord, have by now begun to be devalued. I wonder whether it might not be time to stop using these terms as well. So I prefer to speak of my wishes rather than use slogans. I would wish for us to

know how to reach an accord both in the government and in the parliament, which is so tremendously fragmented, because our society is so fragmented. The ability to reach agreement and simple interhuman solidarity would make our life so much easier. Perhaps this would be my slogan?

[POLITYKA] Every successive government has less and less time to succeed and faces greater social impatience. But when many matters are to be resolved, certain priorities have to be established. What will be your government's priorities?

[Suchocka] I would like to tackle all the issues mentioned in my address to the parliament, but at present I consider the following to be the most important: unblocking privatization, changing the manner in which state enterprises are administered and providing them with debt relief, and securing law and order. In all these matters we are greatly inhibited, because the budget has been passed and additional funding cannot be expected. At the same time it is obvious that we have to act somehow on these matters. A draft law on debt relief has already been completed and I have studied it. Now it is time for agreements to be reached among the ministries. As for the possibilities of improving the public's confidence in law and order, I have just finished discussing them with the heads of the Ministry of the Interior.

[POLITYKA] You declared that you will utilize in your work also the suggestions made during the Sejm debate following your address. Do you know by now which recommendations you will incorporate in your program of action?

[Suchocka] Let me first explain what I would call "the kitchen" of my Sejm address. I had been working on that address in an extremely difficult situation, considering that I had to deliver it 8 days after a speech by the then Prime Minister Pawlak. I wanted my speech to differ from his, but at the same time I feared that if I were to deliver a traditional address embracing all the domains of our life, then I would not be emphasizing any particular one, and my speech would reduce to mere enumeration.

[POLITYKA] It was noted that you made no mention of culture and education in your speech.

[Suchocka] I made no mention of many other fields as well, including, say, environmental protection, which was noticed and questioned in the subsequent discussion. I intend to complement my program of action with certain issues that had arisen in that discussion, and primarily with measures on environmental protection.

[POLITYKA] For the time being we are regressing in this matter. A good environmental protection minister has been replaced with one whom the Sejm committee views negatively. Could not you have defended former Minister S. Kozłowski?

[Suchocka] To my great surprise he was not renominated by his own party, and as for myself I had to accept the

position taken by the coalition party. I have already talked with Professor S. Kozłowski and I hope that, even so, I can count on his assistance.

[POLITYKA] Your government is labeled a majority government, but that is a rather unstable majority. It is not certain how long you can continue on the support of NSZZ Solidarity. Strikes are spreading in many regions, and the head of the Mazowsze Solidarity Region has already predicted manifestations and protests. It is an urgent task to broaden the coalition by recruiting other parties into it—especially the PSL [Polish Peasant Party], without which effective governance is difficult, and which remains a threat while it is in the opposition. Why is it, actually, that no talks with the PSL had been initiated before the new government was formed?

[Suchocka] To the PSL it was hugely inconvenient to engage in talks on a new coalition while that party was still represented in the government by the then Polish Prime Minister Pawlak. Prime Minister Pawlak's recall took place on the same day on which I was appointed prime minister and so there was no time for talks.

[POLITYKA] Has not establishing ties with the PSL been complicated by the fact that, while you were a parliamentary deputy, you voted against the nomination of W. Pawlak to the position of prime minister?

[Suchocka] I have neither the time nor the strength to rectify all the inaccurate information about myself. I had not taken part in that vote.

[POLITYKA] But you had been opposed to a government that would be headed by a PSL representative.

[Suchocka] I had had my doubts. It would have been extremely difficult to me to accept isolating an entire Solidarity wing from participation in the coalition. I believe that, inasmuch as that fundamental change the collapse of communism in 1989 was accomplished by Solidarity forces, it is they that should continue to exercise the role of forming the government. At the same time, though, I also believe that broadening the governing coalition should be considered.

[POLITYKA] On what principles? How would you intend to accomplish it?

[Suchocka] I do not know as yet. I hope that, once we hold talks, we can hit upon such possibilities. I really believe in the possibility of reaching a consensus. To me this is not an empty slogan. I also remain open to an accord with the PC, just as I am open to talks with the PSL.

[POLITYKA] The President declared that if your government fails the next one will be proposed by himself. You are one of the framers of the draft of the new

constitution that greatly enhances the President's government-forming powers. Would you still now support giving the President the initiative in appointing the cabinet?

[Suchocka] My opinion on this matter is unchanged: since we have decided in favor of direct, popular elections of the President, this leads to certain consequences. The President exercises his office by the same mandate as the parliament, and moreover his powers should be greater than in the past, regarding appointments to the cabinet as well.

[POLITYKA] Many politicians disagree with this view, or qualify it by saying that they would not support it so long as Lech Walesa remains the President.

[Suchocka] In no country has a constitution been framed under some ideally pure laboratory conditions, in isolation from the actual political and social realities. This also is the case in our country, and such personal biases of course exist. But this does not alter my basic view. I believe in the necessity of increasing Presidential powers. Of course, this does not mean that I believe the President should avail himself rapidly of such powers. I assume that my government will not be a transitional short-lasting one.

[POLITYKA] Your associates say that you are bound to succeed. Do you share their belief?

[Suchocka] At this outset I cannot feel otherwise. There would be no point to forming this coalition and this government if we were to assume a defeat in advance.

Update on Status of Merchant Marine Presented

92EP0563A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 7 Jul 92 p II

[Article by Mariusz Pawlowski: "Polish Merchant Marine: Sink or Swim"]

[Text] The Polish merchant marine encompasses three shipping enterprises: Polish Ocean Lines (PLO) in Gdynia, Polish Maritime Shipping (PZM) in Szczecin, and Polish Baltic Shipping (PZB) in Kolobrzeg. Together they own 221 ships with an even displacement of 3,849,000 displacement tons. Their operation is based on the general rules governing enterprises of this kind, and it is subject to the rules of international agreements in the shipping field. The parent agency of the three enterprises named is the ministry of maritime transport and management.

Polish Ocean Lines specializes in linear shipping that maintains regular interport connections, including ferries between Swinoujscie and Ystad (Sweden). Most of its ships are adopted to hauling parcels.

Polish Maritime Shipping specializes in so-called tramp shipping, i.e., filling orders at all world ports—wherever cargo can be obtained. PZM's ships are designed mainly for transporting large cargos such as coal, iron, etc.

Polish Baltic Shipping serves the Polish-Swedish passenger and automobile ferry line and so-called coastal, multifaceted shipping, through Europe.

Regression

Between 1989 and 1991, shipping by the Polish merchant marine held at 28.3 million tons, 28.4 million tons and 27.6 million tons respectively. Then there was a noticeable decline in shipping in Polish foreign trade: from a 48.6 percent share of the total amount of goods shipped in 1989 to 39.4 percent in 1990, and to 31.3 percent in 1991.

The share of cargo from Polish firms transported under their own auspices also fell in relation to all cargo in Polish foreign trade, from 65.5 percent in 1989 to 51.9 percent in 1990, and to 50.8 percent in 1991. These trends apply to all three shippers.

From 1990 to 1991 an increase was noted in domestic costs caused by inflation (along with a fairly stable dollar compared to previous years in the domestic market). Thus, in comparison to 1989, the cost of shipping in 1990 grew by 548 percent, and in 1991 by 764 percent. This is evident in these money totals: 1,357,614 million zloty [Z] in 1989, 28,796,800 million in 1990 and 211,727,300 million in 1991.

In 1990, after the introduction of the economic stabilization program, the Polish merchant marine felt intensely the increase in loan interest at domestic banks, the elimination of tax breaks—especially in exports—and the intensification of fiscal liabilities (income tax, dividends and windfall profits tax).

If in 1989 PZM's budget payments constituted 9.2 percent of its financial returns, in 1990 they were 42.5 percent, and in 1991 55 percent.

Likewise at PZB: in 1989, 1.1 percent; in 1990, 50.6 percent; in 1991, 55.4 percent; and at PLO: in 1989, 8.3 percent; in 1990, 41.5 percent; and in 1991, 46 percent.

In the last two years, the earnings of commercial shipping have fallen regularly, from 91.3 percent in 1989 to 2.5 percent in 1991. Likewise profits, from Z1,239,449 million in 1989 to Z569,600 million in 1990, to a negative balance of Z296.6 billion in 1991.

The PLO had the worst financial situation in this period. Of 24 lines served in 1991, 13 were not profitable, and six had losses. As a result, PLO's overall deficit reached Z569 billion.

At PZB tramp lines proved to be losers, causing losses of Z18.9 billion.

The sale of units brought an immediate improvement in the shippers' financial condition. In 1990 and 1991, PLO sold ships for Z610 billion, PZM nine ships for Z364 billion. The best prices were not always secured; often even income-producing units were disposed of.

Along with the drop in economic efficiency, and besides a temporary increase in 1990, state budget revenues from this area of the economy decreased. In 1989 they were Z156.1 billion, in 1990 301.1 billion (after the introduction of new tax rules), and in 1991 Z166.8 billion.

Under a Foreign Flag

Debts incurred in the 1980s that resulted from ship-building contracts here and abroad had a major impact on the shippers' situation. In PZM's case, debt in 1991 amounted to Z1.7 trillion, and at PLO Z1.5 trillion. These liabilities caused a loss of financial liquidity on the enterprises' part, and thereby limited access to domestic capital and investment funds. The 15 percent tariff on ships built to order abroad also proved to be an investment barrier. Difficulties in obtaining foreign credit caused a lack of government guarantees by Polish banks proved inadequate.

In their delivery plans for 1991-98, the shippers' investments anticipated adding 31 ships: 20 from domestic and 11 from foreign shipyards. The cost of their construction was estimated at \$281 million for domestic units and \$340 million for foreign orders, for a total of \$621 million. Construction in the foreign shipyards was (and still is) carried out on the basis of loans or long term leases. High interest rates on loans in Polish banks made it impossible to take advantage of them without significant financial losses. At the same time, foreign banks, which described investments in the Polish merchant marine as "high risk undertakings," reluctantly granted loans secured by mortgages, more and more often requiring reregistration of the mortgaged units under a so-called cheap flag. This move, in the opinion of the foreign financiers, guaranteed better protection of the debt than work under the Polish flag, excessively encumbered financially.

In their desire to meet the demands of western banks, the Polish shippers began to establish partnerships abroad.

In vying for investment loans—\$14.2 million—PZM had to set up a joint venture in 1991, the Baltic-Atlantic Shipping Corporation [BASC], registered in the Dutch Antilles. The American Bay Ocean corporation became a partner in it. By midyear, BASC had taken over five of PZM's units, and yet another a few months later. All were registered under the Marshall Islands flag, with the parent company, PZM, being paid \$10,000 each (an amendment to the maritime code permitted this sale without the consent of the parent agency, said the minister of transport and maritime economy). On the official, legal side, the Maritime Chamber oversaw the reregistration procedure. PZM effected the repurchase of 75 percent of all ships contracted by Polish shipping.

Likewise PLO establish joint ventures in Cyprus and Liberia in 1990 and 1991. As a result, it obtained \$14.5 million in investment loans to purchase ships. In both cases, the loans bore interest rates six times lower (10-11 percent) than in Polish banks.

The opportunity to reduce the number of crew members (Polish collective bargaining agreements covering maritime labor did not apply), since it decreased the cost of labor and afforded easier access to shipping contracts, meant additional profits. In the countries of registration, the income tax on shipping also did not apply. This does not mean that revenues to the Polish treasury declined. Because the costs of loans or leases would be included in the costs of acquisition and thus reduced the taxable basis, practically to zero.

NIK's Assessment

The Polish merchant marine, sinking in recession, has recently become the subject of interest by the Supreme Chamber of Control [NIK]. As a result, it has been stated that, given the ongoing regression—operating losses, stagnation in transport and debt—the shippers are facing bankruptcy. This applies especially to PLO and PZB.

The unfavorable economic situation, in NIK's opinion, is the result of a coincidence of internal and external conditions operating on each other. Among the most important are: the introduction of a rigorous financial policy along with reduction of fiscal relief, the growth of domestic interest rates together with the tax on imported ships, the increase in prices and production costs along with a relatively weak dollar. This produced a deficit in investment funds for reconstruction of an undercapitalized fleet, which eliminated it gradually from world markets, where state protectionism is a universal phenomenon in this area of the economy. The reregistration of ships under foreign flags made it possible to increase earnings, but it weakened the economic bond between Polish shippers and Polish shipyards, which negatively affected the economic activity of the coastal region and Poland's overall balance sheet.

The NIK's objections to the actions of the shipping enterprises focuses on criticism of their passivity in the area of structural and proprietary adjustments crucial to adapting to new economic conditions.

Comments addressed to the parent agency—the ministry of maritime transport and management—suggest more activity in stimulating proprietary modifications, a departure from state monopoly in the shipping field and greater concern for oversight of the appropriateness of sales, markets, chartering and refurbishing of ships, since the NIK's expert opinion showed many shortcomings in this regard.

In NIK's opinion, rapid development of a program to improve the economic efficiency of maritime transport is becoming crucial, and this can occur only by way of joint work by the departments of transport and maritime shipping and finance, and economic cooperation with foreign countries.

In the Ministry's Opinion

As Krzysztof Jaworski, a specialist in the Department of Shipping and Ports, explained to RZECZPOSPOLITA

on behalf of the Ministry of Transport and Maritime Economy, the department agrees with NIK's comments when it comes to criticism of the systemic conditions that led to recession, but does not agree with remarks concerning resistance to structural changes and neglect in the operation of the enterprises.

The merchant marine by its nature is not a profitable field. The truism applies both to the Polish fleet and foreign flags. Inflation and weak dollar, along with fiscal burdens, intensified this phenomenon in Polish reality. A lack of state intervention caused an increase in the cost

of the fleet's services to the point where 50 percent of Polish forwarding agents prefer to use foreign ships over obsolete Polish units. The same occurs with external orders, where intense competition forces rate reductions to the boundary of profitability, or even losses, just to survive in the market (80 percent of the goods the three shippers transport come from abroad). Krzysztof Jaworski believes the success of privatizing this sector appears highly uncertain. It would be much easier to secure capital from outside, if only in the form of cheap loans.

Huge Quantity of Heroin Seized at Curtici*AU1208205192 Bucharest CURIERUL NATIONAL
in Romanian 8 Aug 92 p 1*

[Article by D. Horomnea: "Drugs Worth 70 Billion Lei Seized"]

[Text] Two members of the border guard troops doing service at the Curtici border crossing point delivered the "greatest blow" so far to drug smuggling. On 5 August at 1600 [1300 GMT], searching one of the coaches of the express train number 201, which was bound for the West, they discovered 26 bags filled with a white powder in one of the inner walls. According to the chemical analysis done on the following day by the specialists of the Arad County Police Inspectorate, that powder proved to be pure heroin. The two servicemen did not use any sophisticated detectors, not even specially trained dogs. The catch consists of 19 kilograms of narcotics, the market value of which amounts to \$19 million—that is, according to the current official exchange rate, 70.087 billion lei. The two servicemen, Constantin Stoica and Gavril Bran, have been rewarded with five days of leave and a promotion in grade. After their promotion, they will continue to fulfill their duty with brilliance, the same way other colleagues of theirs do.

New Audiovisual Media Council Called 'Useless'*92BA1292A Bucharest DREPTATEA in Romanian
20 Jul 92 p 3*

[Interview with Dumitru Iuga, chairman of the Radio and Television Trade Union, by Cezar Ion; place and date not given: "The National Audiovisual Council Is a Phantom"]

[Text] [Ion] Mr. Dumitru Iuga, what is your opinion of the recently established National Audiovisual Media Council [CNA]?

[Iuga] This CNA they have created is in effect a phantom. A useless commission. Its name alone is wrong. It is called the National Audiovisual Media Council, but in practice it deals only with matters regarding state television and radio. The audiovisual media is far more complex. In other words, films are also audiovisual—image and sound—records are audio, and many others. So the name is not all-inclusive. So we got a pretentious name and thus solved all the problems. In fact, we can talk about matters concerning radio and television, and the substance of the law on the operation of the CNA will have to be amended along this line; for example, the audiovisual law, radio and television section, including a distinct chapter on private television stations and other private audio and video media, and another distinct chapter on Romanian Radio and Television [RTV]. They did not want that. They were very interested in maintaining the confusion around this

institution and tried to use it in the electoral campaign. This was a premeditated act by the present Parliament and government.

[Ion] In this connection, do you know any details about how Adrian Paunescu got to be on a TV show? Not only that, but do you happen to know who and why has recently been arranging all these frequent appearances on television and press conferences with extremist parties, Corneliu Vadim Tudor, and collaborators of these nationalist-communist forces?

[Iuga] We should not be surprised. Razvan Theodorescu's presence at RTV had a very precise purpose. He came with precise tasks, and, with much vigor, fulfilled his duties to those who put him there. All the broadcasts that were aired were approved by Razvan Theodorescu. Speaking of Adrian Paunescu's appearance on Tatulici's show. You may have noticed that it used filmed reportages made a long time ago. So the show with Adrian Paunescu had been prepared and approved by the Programming Council. The decisionmaking factor who issued those approvals was Razvan Theodorescu. Not only about Adrian Paunescu. For example, RTV could have clearly turned down Corneliu Vadim Tudor, since he did not represent any party in Parliament that ran in the 1990 elections. In other words, those who left the FSN [National Salvation Front] for the Romania Mare Party [PRM] in Parliament, are independents. But they did not appear on television as independents, but as members of the PRM. And of course, they brought their party boss with them: Corneliu Vadim Tudor. So they violated that parliamentary accord, too.

The situation is clear. This is a concerted action to promote these extremist parties before the public and to rehabilitate former nomenklatura members, former supporters of the past regime with deep roots in the present ruling structures. It is no longer a secret to anyone that Ilescu took the power in 1989 by using the Securitate apparatus. In those conditions no one could have taken the power without the support of the Securitate and the army. Consequently, there existed an understanding between Ilescu and them. And the purpose of the understanding was clearly to protect some of the top brass and circles of the old party structures.

[Ion] What was Razvan Theodorescu's role?

[Iuga] Mr. Razvan Theodorescu was to keep all the key persons of the old regime at RTV. All he had to do when he came in was to declare that he was not going to make any personnel changes. So the men that the government needed were already at RTV.

[Ion] Mr. Dumitru Iuga, going back to the matter of honest elections, how can you and the trade union you represent become involved in matters pertaining to the manipulation of the public by means of television?

[Iuga] The Preamble to the Collective Labor Contract prescribes the professional and moral-professional responsibilities of a television employee. Among the

professional requirements is that they do not take a partisan position in the political struggle and, notwithstanding their private preferences, remain detached when it comes to producing television programs. In practice, this is a pocket deontological code for the television employee. We must notify and sanction any deviations from this code. The collective labor contract envisages sanctions for television employees, all the way from warning to firing. For example, we intend to notify the employer-trade union parity commission about the Tatulici case and the programs he put on. Mr. Titulici has already violated contract terms showing that he is taking a partisan position in politics. It is up to us to prove this before the parity commission. We will bring evidence (clips, commentaries, his statements) and the parity commission will decide. The commission will vote on a suggested sanction that will then be submitted to the Administration Council. The council cannot ignore us, because that would immediately trigger a conflict inside the institution.

Export, Import Activity of Private Companies

92P20368A Bucharest *TINERETUL LIBER*
in Romanian 3 Jun 92 p 5

[Article by Carmen Iordache: "One-Sixth of Romania's Foreign Trade Is Carried Out by Private Companies!"]

[Excerpt] According to data published by the National Commission for Statistics, last year Romania had economic relations with 120 countries. In terms of continents, Europe is in first place in regard to the volume of foreign trade, followed by Asia, Africa, America, and Oceania [as published]. Exports to the countries in the European Community represent more than one-third (about 40 percent) of the total convertible currency exports, while imports from these countries represent one-quarter of the total convertible currency imports (25.8 percent). In world foreign trade activity, Romania's exports and imports represent less than 1 percent of the world exports and imports, and this figure has been decreasing noticeably.

The percentages have been calculated in dollars, using the "Monthly Bulletin of Statistics" as the source of data on world foreign trade. Foreign trade activity in 1991 was affected unfavorably, mainly by the following:

- The increase of industrial production by 22 percent compared to 1990 and by about 40 percent compared to 1989;
- The reduction of the share of production delivered for export from about 13 percent in 1989 to about 10 percent in 1991;
- The loss of foreign markets as a result of the dissolution of CEMA; the aftermath of the Persian Gulf crisis (the embargo imposed by the UN on crude oil exports to Iraq).

Compared to 1990, private companies made a considerable contribution in the area of foreign trade. Exports of private companies increased 61.5 times, imports of private agencies increased 22.7 times, and the share of these exports and imports in the total volume of foreign trade was 16.3 percent in 1991 compared to 0.3 percent in 1990.

Foreign trade for the entire country in 1991 had a deficit of \$1.35 billion in convertible currency and an surplus of 0.27 billion rubles, which represents an improvement over the previous year (of \$1.8 billion, and of 1.8 billion rubles, respectively).

The total value of exports in 1991 was 323,693.1 million lei and the total value of imports was 400,103.2 million lei—data calculated on the basis of the official exchange rates of the National Bank of Romania. Exports and imports involving the top five partner countries, ranked according to their share in the total exports and total imports, represent approximately 50 percent of the total volume of exports and imports of Romania. It should be mentioned that the largest shortfall in the foreign trade balance involved the countries supplying energy products and, in particular, crude oil.

The following are the top five countries with which Romania had a negative convertible currency balance in 1991: Iran, \$404.3 million deficit; USSR, \$387.2 million; Saudi Arabia, \$310.2 million; Egypt, \$254 million; Lebanon, [as published] \$115.1 million. The top five countries with which Romania had a positive convertible currency balance in 1991 are: Netherlands, \$130 million surplus; Lebanon, [as published] \$57.5 million; Italy, \$53.5 million; Nigeria, \$43.3 million; Hong Kong, \$34.3 million. [passage omitted]

Poor Distribution of Ownership Certificates

92BA1234B Bucharest *ROMANIA LIBERA*
in Romanian 27/28 Jun 92 p 4

[Article by Cornelia Simionescu: "What Progress in the Distribution of Ownership Certificates?"]

[Text]

7.5 Percent

In the first half of June, over 1.2 million citizens gained possession of ownership certificates, i.e., 7.5 percent of all those entitled (16.5 million) by law to receive 1/3 of the capital of 6,300 enterprises (currently public stock companies) that will be privatized.

Operation Programs

The certificates are being distributed through 7,000 centers manned by 14,000 employees who have been specially trained for this service. Efforts are under way to adjust the days and hours of service to the public's free time. Thus, in rural areas, the centers are open 0600-0800 and 1800-2200 and on Saturdays and Sundays. The schedule of the centers in Bucharest (Monday-Friday

0600-1900, Saturday 0800-1400) is viewed as unsatisfactory by many citizens because of the short afternoon hours.

Waiting Time

According to estimates by the ANP [National Privatization Agency], over the 1 June-27 November period each center will issue an average of about 4,000 certificates a day. An unfortunate exception has been noted in Bucharest, where only 59 centers, located exclusively at post offices, are in operation for potentially 1.5 million recipients. That represents an average of almost 29,000 people for each center, which explains the many hours of waiting in line required to get the certificates. Unless appropriate measures are taken, this payment in time extracted from the capital's citizens may well increase.

Getting There

For residents of remote villages, the certificates will be distributed on the spot. People will be informed ahead of time on what day the operation will take place.

Citizens Pay for Police Mistakes

Up to a point, the omissions and incomplete or erroneous data recorded to varying degrees almost throughout the country are understandable, in view of the large numbers of people involved in this action. The record in this respect, too, is held by Bucharest, where omissions (which sometimes affect whole streets but more often than not one or two members of the same family, while at the same time featuring on the lists persons long deceased, etc.) and many other errors are affecting approximately 15 percent of the people involved. The manner in which the relevant component of the Bucharest Police Department is keeping its population records, and the lack of responsibility shown by those in charge of making the lists are self-evident. The still unsolved question is: Why does the citizen have to pay for the mistakes of the Police?! Why, instead of receiving apologies for having wasted so many hours waiting, and for not being able to take possession of his ownership certificate because of the fault of people who failed to do their duty, is the citizen sent off to knock on other doors and to stand in line all over again?!

Thus he, the "guilty damaged party," has to go to the police station in his area to request an amendment of the mistake (another line), where he will be asked to come back in two weeks to get proof that the mistake was corrected (another line), where he will have to go again (and stand in yet another line) if his case "had not yet been studied." The perpetuation of this absurd relation between perpetrator and victim will affect close to 250,000 residents of Bucharest who, in order to secure their ownership certificates, will have to make three or four additional trips and stand in as many lines. Mistakes should be redressed urgently and unconditionally by those who made them, as is only natural, while the citizen should be asked to come back to the distribution center two to three weeks later to take possession of his certificate. If we are already talking about democracy and respect, let us practice them, too!

Advertisements

We read in the ad pages: Seeking to exchange ownership certificate for color television and video recorder.

Watch out! Recently the serial numbers of 112 ownership certificates stolen from various distribution centers in the country were published and the certificates voided. This is, of course, a tiny percentage of the titles issued to date, but be careful! You, too, may find yourself buying such a (cancelled) certificate from some stranger at a street corner. In view of the scope reached in the sale of ownership certificates, ANP intends to organize special stock exchange offices where any attempt to sell a stolen certificate can be frustrated. But it will take some time until then, so be on the alert!

Reminder

Bedridden patients must appoint a representative in order to take possession of their ownership certificates. In compliance with the legal procedure, such persons will secure the presence of a notary at their home to draw up a special power of attorney.

Nonpermanent residents can receive their ownership certificates only at their place of residence (the residence entered in their identity card).

The heirs of persons who died after December 1989 may take possession of the certificates coming to them by fulfilling the legal inheritance procedures.

Aspects of Privatization in Macedonia Debated

Reconciling Interests

92BA1119A Skopje NOVA MAKEDONIJA
in Macedonian 6 Jun 92 p 13

[Article by Biljana Crvenkovska: "Socialism Out of Power"]

[Text] *A consensus on the subject of what many people have described as the most important document after the Constitution, which will determine the future of Macedonia, is yet to be attained. However, the most useful thing will be to consider not private interests but the extent to which it will radically change the Republic's socio-economic life.*

The Macedonian parliament passed, with a convincing majority, the government's motion to adopt a law on privatizing public property. The precise title that will be given to this law will be established after its draft has been completed. In any case, this will be a law that will eliminate the existence of the undefined public property, which is usually described as being "everyone's and no one's." Naturally, Macedonia will therefore officially part with socialism and join capitalism.

No Effect So Far

Macedonian privatization began two years ago on the basis of the stipulations drafted by the Ante Markovic federal government. That marked the beginning of changing collective labor organizations into corporations or companies with limited responsibility, and public capital began to be converted into private capital. Meanwhile, an initial check of the process made last August at the government's request, considering that the law did not stipulate it but, conversely, allowed for uncontrolled conversion, proved that the results were far below expectations. The purpose was to revive the economy so that it could begin to work more dynamically and profitably. It was believed that this would be triggered by private ownership. It was also believed that fresh funds would become available with the purchase of public assets. However, neither the former nor the latter occurred. Last year, as well, the Republic's output showed a decline (naturally, this was also influenced by a string of other circumstances, above all the breakdown of Yugoslavia and the war), while the influx of funds fell behind. According to the SOK [expansion unknown], no more than 3.2 percent of the public assets earmarked for privatization were bought and paid for in cash.

On the basis of these reasons and the firm belief that only a private-ownership conversion could generate a reform in the static socialist Macedonian economy system, the government undertook to draft its own Republic law on regulating a more efficient privatization. After several months of work and with the help of hired foreign experts, both the program and the draft law were formulated, and debates on their content began. It is interesting to note that, in both the public debate and the

expert council and commission discussions and, naturally, in parliament, the same or similar remarks and suggestions were heard relative to the proposed privatization model. They could easily be classified on the basis of the purpose and interests of the circles from which they originated.

In the Name of the Workers

Thus, for example, the working class, which under socialism was considered the largest and "most basic" class, is still unwilling to accept the truth that, under the new system, it will have to surrender its primacy (if, in general, such primacy existed). To put it most mildly, it "does not agree with this law"; it was recommended that parliament reject it. It is being claimed that "passing such a law would bring about the total deprivation of the workers and of the property they created through their labor, and an equal loss of their rights based on their labor relationships." It is also claimed that the workers must not surrender their share of the created assets and, particularly, the incentives and benefits in purchasing such assets. These remarks are understandable, bearing in mind the 40 years of self-government by the workers. Nonetheless, the question of the extent to which this is truly the opinion of the workers is also inevitable, bearing in mind that the Presidency of the Council of Trade Unions of Macedonia, which is bitterly struggling to survive and improve its position in the current political scene, is once again speaking on behalf of the workers.

Enterprise directors are also loudly criticizing the law in the name of the working class and its interests. The overall impression is that what frightens them most is an audit of the stock that was issued and bought in accordance with federal regulations. Because the fundamental principle of the new law is that of paid privatization, an overall audit is stipulated, and the stock that was indeed paid for will be acknowledged, while what was acquired on the basis of fictitious payments will be voided. Naturally, that would not suit people who already consider themselves owners of a substantial share of an enterprise, particularly if it becomes known that, on the basis of the federal law, the biggest stockholders were precisely the directors, who were given priority in the purchasing of the share based on the size of their personal wages for the past three years and considering that it is not difficult to guess whose personal income was the highest. That is why Ljubisav Ivanov, who acted as an envoy but who thought like the director of Sileks, said at the assembly gathering that it would be difficult to conduct an audit because many workers have already "had a taste of earning dividends."

Manager or Screen for the State

In support of the workers' interests, most directors and various representatives also brought forth the view that it is precisely the workers who most deserve to receive a good share of the public property created in factories and enterprises, which is why it would be right for them to

become owners of such property. Prime Minister Kljusev described this type of thinking as "turning daily work into a fetish" and asked what should be done with the labor of the people engaged in nonindustrial activities—teachers and physicians, for example. What share of public property should be given to them? That is why the scientific opinion is that the principle of primacy cannot be excessively differentiated. According to economists, if we want justice, we cannot undertake an economical and efficient privatization.

Among the most frequent criticisms of the draft bill is the one concerning the status and authority of the contemplated privatization agency. Its role is explained as one of managing the process. However, the distinction here will be the way in which an enterprise will be converted and the fact that all funds earned from the sale of stock and shares in enterprises will pass through the agency. This has made a number of people believe that this agency will merely act as a screen for the state. Adding to this the consideration that a high percentage of public property will be exempt from privatization on the basis of that law (communal activities, communications, and railroads), it is not astounding that a number of speakers at the parliamentary session called for determining the state's position and attitude in the process of reorganization. If the state would like to participate in this process, it should not do so nominally but should invest real capital, just as it requires others to do so. The answers to such remarks were interesting: The agency's status and authority are based on the stipulation that, wherever privatization has taken place, there has been an authority in charge of the purchase and sale and, most frequently, this has been either a ministry or an agency, for the simple reason that it becomes a question of a process that must be kept under supervision. As to areas that, by virtue of that law, are not to be privatized, it is claimed that these are activities that are under the control of the state in many capitalist countries, as well, and that their own transformation will face a situation similar to the one claimed by a number of people, particularly Assemblyman Petar Gosev, according to whom Macedonia has an insufficient amount of redemption capital, for which reason a gradual development of this process would be the most rational.

One thing about which everyone agrees is that the law on privatization must be followed by the law on denationalization. There are those who believe that the latter should precede the former because it is necessary to begin by settling relations with the previous owners, whose property was nationalized or confiscated, and only then offer to sell what is left.

We Cannot Wait For the "Proper Time"

Also unanimously criticized is the lack of a social program. Those who proposed the law themselves state that, in the course of the transformation, a number of surplus workers will have to be laid off, for which reason the government is asked to display a minimum of concern for people who will eventually become social casualties.

Furthermore, there is a consensus in the remarks, with which even the people who proposed this law agreed, on the question of the poor conditions that exist at a time when a law initiating such a major reform is proposed. This refers to external and internal circumstances. However, the voting in parliament itself nonetheless indicated that the prevalent view is that it would be even worse to wait for a "better time" because the Macedonian economy urgently needs a reform that would dynamize it.

The fact that parliament adopted the draft bill does not mean that it has also adopted the required legal resolutions. On the contrary, it may be incumbent upon the government to closely consider all criticisms and suggestions and to include them within the text of the law. A consensus on what a number of people have described as the most significant document after the Constitution, which will determine the future of Macedonia, is yet to be attained. Naturally, the most useful thing will be to consider not personal interests but the extent to which it will radically change the Republic's socioeconomic life.

As to whether a good model for privatization has been chosen, the result of its implementation will be the best proof. Nonetheless, at this point, we should consider the assessment that was expressed in London during Macedonian President Kiro Gligorov's trip to that city and that was included in the annual announcement of the European Bank for Reconstruction and Development, which provided technical assistance in drafting that project. Specifically, it stated that this was a good program for privatization and that the European experts have faith in its success.

However, this may become meaningless if those in charge of implementing it have different ideas.

Legal Issues

*92BA1119B Skopje NOVA MAKEDONIJA
in Macedonian 9 Jun 92 pp 9-10*

[Unattributed report: "True Capital Evaluation"]

[Text] On the basis of the study drafted by a group of authors from the law school and the privatization program, the Government of the Republic of Macedonia in April publicized a draft law on the conversion of publicly owned enterprises. For understandable reasons, the text of this law was awaited with interest, particularly by the Macedonian experts. Statements published in the press, especially by specialized organs and organizations, only reinforced these expectations. It is realistic to expect that the drafters of the bill will incorporate the suggestions and ideas pertaining to the basic objective of the law, which is "the creation of an efficient economy, with the proper production factors aimed at their most productive utilization" (as we read in the text of the draft) to be encompassed within the text that will be submitted to the Assembly of the Republic of Macedonia. The suggestions and remarks submitted on the text of the law perform the same function.

The remarks of the "critics" of the proposition must be taken more seriously. This would bring privatization faster than "adamant" support of the suggested concept.

To begin with, Article 4 (Item b, Paragraph 1) of the reorganization process stipulates taking over enterprises, parts of which have a "monopoly status, according to the law." The objectives of the draft law make this orientation clear and acceptable. However, problems will develop at the stage of application of the law:

- The Republic of Macedonia does not have a law stipulating which economic subjects have monopoly status. It may be hasty to pass such a law prior to enacting the Law on Transformation of Enterprises with Public Assets. This may be an acceptable solution, although even in such a case there will be a period during which no one will know how to apply this law. It is particularly realistic to expect that it will not be all that simple to formulate such a law for the relatively short period during which a number of economic subjects will play a monopoly role.
- If we rely on the similar law passed by the former Yugoslavia, in this case as well problems will exist with the application of this regulation. Specifically, the Law on the Transformation of Enterprises with Public Assets must be applied over a longer period of time, and we must not rely on the fact that the federal law would feel that need. This law will not be applicable for the substantial reason that it was passed in a different time and under different economic and social circumstances, in which other regulations applied (public contracts, self-governing agreements, and so on), and it would be difficult to apply it under the present circumstances.

The Role of the Agency

These reasons indicate that it would be better for this law to enumerate the enterprises and activities that, on that basis, could not be restructured, or to set a deadline, not to exceed three months, within which a specific law would be passed determining which enterprises and activities would be considered monopolistic and to which the stipulations of the Law on the Transformation of Enterprises with Public Assets would not apply.

Second, Paragraph 1 of Article 7 of the draft law stipulates that the value of public assets is to be established "in the course of the process of transformation of the public assets, on the basis of a percentage rate and according to a methodology that will be determined by the agency."

It would be suitable for such a methodology, on whose basis the rating of the public assets will be made, to be drafted by the agency. However, it should not prescribe who is to submit it. The methodology drafted by the agency must be presented by the proper state authority: the government or the Ministry of Finance. The state may not avoid responsibility for the proper utilization of public assets, for which reason it must have a say on laws that specifically influence the accuracy of the criteria in

terms of determining the amounts of such assets: The methodology is precisely such an action. This enables the state to approve the overall framework for the real utilization of public assets and to block remarks such as "this is plunder," and so forth.

Third, Articles 13 and 14 of the draft law regulate questions related to initiating the process of transformation and the deadline for completing the preparations and actions that must be taken or carried out by enterprises that have undertaken that transformation.

Paragraph 2 of Article 13 stipulates that, within a period of six months following the enactment of the law, the enterprises must complete their preparations for transformation, and, should they fail to do so, such activities must be taken over by the agency.

It is considered that any "coercion" applied within that deadline would be unattainable and unreasonable.

Several reasons make this unrealistic and inefficient, above all the following:

- A high percentage of the documents that must be prepared by the enterprise, which must complete preparations for the transformation of public assets within the stipulated deadline, should be procured by authorities and institutions outside the enterprise: the Public Accounting Service, the Transformation Agency, and the courts. To provide such documents, these institutions must perform the necessary audits. It is realistic to assume that this will not be completed by the deadline.
- Which reasons necessitate all enterprises completing their preparations for transformation within a six-month period? If the transformation process is a long-term task and commitment, it would be more logical to set a deadline for starting the preparations for transformation, rather than a deadline for its completion.
- The Public Accountability Service and the Transformation Agency would find it difficult, within the stipulated deadline, to provide information on the assessed value of the public assets and the results of the audit of already completed transformations based on the previous Law on Public Assets.

Stock for the Retired

Because of objective problems that will arise with the provision of necessary documents by the institutions and authorities outside the enterprises (which had absolutely no such commitments until enactment of the law), it would be preferable for the law to set a deadline for the beginning rather than the completion of the transformation preparations. Within that deadline, the enterprises must submit their views on ways for the transformation, together with supporting documents supplied via their own efforts, to the agency, while the commitments of the agency and the Public Accountability Service should be met within realistic deadlines, based on the difficulty and amount of work to be evaluated and on the audit. All

of this must be stipulated in programs such institutions must specifically formulate for such a purpose.

Fourth, Article 18 of the draft stipulates that 15 percent of the priority shares must be transferred, free of charge, to the Pensions and Disability Insurance Fund. This stipulation essentially meets at least two concerns: It makes the status of the pensioners consistent with people who are still employed, and it secures a certain percentage of the funds that must be appropriated for retirement beneficiaries. We believe that this stipulation will be accepted by the public and that experts will consider it realistic because the public assets that are now being converted were also created through the efforts of present-day retirees.

For similar reasons, the question arises of whether it would not be suitable, in addition to such appropriations for the pensions fund, to appropriate some 10 percent of the enterprise shares for the Transformation Agency. The dividends that will be earned on this basis would be considered a revenue item for the budget of the Republic of Macedonia.

Especially in the period directly following NOB [People's Liberation Struggle], public assets that are now being transformed were created with the participation of all strata of the Republic's population and with the help of the various investment funds that had been set up to this effect. With the independence of the Republic of Macedonia, the proper financial requirement must be met to cover numerous purely governmental functions. It is deemed proper that a certain percentage of these needs are financed in this manner through the budget. In addition to meeting such needs, this will also eliminate criticism to the effect that it is unjustifiable for the sum total of public assets to be sold, regardless of their origin.

Fifth, the central place in the present stipulations of the draft Law on Transformation of Enterprises with Public Assets is dedicated to the question of the treatment of the employed with respect to their rights in the process of transforming the enterprise.

The Law on Public Assets, according to which a change of ownership took place in a large number of Macedonian enterprises in 1990 and 1991, includes a number of privileges granted to the employees in terms of benefiting from the transformation process, not affecting other citizens employed outside the specific enterprises. For such reasons, the participation of stock owners in the currently reorganized enterprises by individuals who were not employed in them is more of a symbolic nature.

Worker Privileges

Unlike the stipulation in that law, the present draft formulated by the Government of the Republic of Macedonia does not include any privileged position to be enjoyed by enterprise workers. The drafters of the law consider this the correct decision.

The rightful answer to this question (as is the case with a number of other questions) is not easy to prove, for which reason the commitment of the drafters of the law to comprehensively analyze and critically review the large number of suggestions submitted in the course of debates on this law is a serious problem, particularly in terms of including the experience acquired over the past two to three years by other countries engaged in a similar process. In settling this issue in the Republic of Macedonia, we must especially take into account the specific features that have so far developed because, unlike the situation in other countries (and in the former Yugoslavia), the highest percentage of the public assets of enterprises and of the Republic as a whole was created after 1945. These assets were and are created, above all, by the people employed in the various enterprises and at the expense of their individual living standards, with permanent limitations (in most cases) of the share that should have been distributed as personal income, in order to enable the enterprises to increase their assets for the sake of expanded reproduction. Although examples indicating the opposite could be cited, it would be hard to dispute (for instance) the fact that workers deserve the highest credit for developing enterprises such as the brewery, the leatherworks, Evropa, IGM, and other companies in Skopje; Oteks, EMO, and Sloboda in Okhrid; Astibo in Stip; Pepeks and Etko in Tetovo; and others.

For those reasons, it is believed that, instead of the stipulation of Article 46 of the draft, it should be possible for the personnel of the enterprise being transformed, to the extent to which its assets have not been entirely paid up, to receive the remainder, which is to be distributed among the employees (depending on seniority and contribution, similar to the regulations of the present Law on Public Assets), and be given an opportunity to make their payments within a period of five years and receive their dividends after the shares they have purchased have been entirely paid up. If the employees are not interested in purchasing such shares, the balance of the public assets, according to Articles 44 and 55, is to be sold to individuals who will buy no less than 20 percent, instead of 10 percent, of the amount of stock issued.

Short Deadlines

Sixth, one of the principles on which the draft Law on Transformation of Enterprises with Public Assets is based is "ensuring continuity in transformation." This will be achieved according to the law's "provisional and concluding stipulations." Therefore, Article 89 of the draft stipulates the commitments of enterprises that have already undertaken the process of transformation on the basis of the current Law on Public Assets. In that sense, the Public Accountability Service must complete its audit within a period of three months (which is difficult to accomplish) and oversee the legality and accuracy of the factors on which the privatizing of public assets is based, according to the Law on Public Assets. It is believed that the draft of Article 89 clearly defines both the goals and the commitments. The confusion

found in the statements made thus far on the subject of the draft is caused by the stipulations of Article 90. This article attempts to regulate (obviously with the intention of helping) which property transformation, based on the Law on Public Assets, will be considered consistent and which will not be considered consistent with this law, to which purpose cases that will be considered to violate this law will be enumerated. In all likelihood, no particular difficulties would have occurred in the application of the law if this regulation merely "interpreted" some unclear stipulations and formulations of the Law on Public Assets (although it would be difficult, from a legal point of view and according to the new law, to provide an interpretation of something that violates another law, particularly one submitted by another authority). Conversely, some of these stipulations determine what conflicts with the Law on Public Assets and what the law expressly allows (internal shares issued as per Article 4 of the Law on Individual Income, and so on).

Foreign Capital

For this reason, it is deemed better to delete the enumeration included in Article 90 and to replace it with the usual legal stipulations, which would make the article read as follows: "The property reorganization of the enterprises will be considered completed to the extent to which this has been consistent with the Law on Public Assets. The SOK [expansion unknown] of the Republic of Macedonia will be in charge of supervising the accuracy in the application of the Law on Public Assets, and the information, along with an assessment of the correctness of the transformation, will be provided to the agency."

This will provide a real opportunity to determine the proper or improper steps taken in the spirit of the law and, wherever this is not within the range of the agency's authority, to invalidate illegal activities. On the other hand, this will not question efforts carried out in accordance with the important stipulations and rights arising as a result of such transformation.

Seventh, the "critics" of the proposed law frequently substantiate their remarks on the text with a statement that in the republic (and, for political and military reasons, outside the republic) there will be no adequate supply of financial capital and, furthermore, a great share of the legislators' intentions will not be implemented, for which reason they suggest adopting of a more liberal period for transformation, including elements which may not be the most effective from the viewpoint of the objectives pursued by the transformation.

On the other hand, in the interpretation given by the drafter of the law in support of the concept, he frequently points out that as long as there is no financial capital for initiating the transformation process, this is not all that bad, considering that this process is long-term and that privatization will take place when this stipulation has been met.

Nonetheless, we believe that greater consideration should be shown for stipulations concerning the real condition indicated by the "critics" and that possibilities should be included in the law that would create an interest in involving a larger number of subjects in the privatization process, who, committing their future savings, would be able to redeem some of the shares of "their own" or other enterprises.

We believe that this will lead to faster privatization, as compared to the "firm" support of the formulated concept. In the final analysis, even the countries we used as an example did not develop their present ownership structure in one fell swoop.

State Ownership

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[Interview with Assemblyman Petar Gosev by Biljana Crvenkovska; place and date not given: "Freedom From Public Ownership"]

[Text] *The purpose is to get rid of the concept of "everyone's and no one's" and to know in the future who owns what assets.*

The proposed law on the privatization of Macedonia or "Law on the Sale of Public Assets," which will probably be its title, triggered a number of remarks by the assemblymen in the course of the parliamentary debate. Some of them were by Petar Gosev, which is the topic of this discussion with him.

[Crvenkovska] What general remarks do you have on the government's motion on the coming privatization in the Republic?

[Gosev] I have a number of remarks on the subject, although I respect the efforts made by the team that drafted this law and believe that it has some good ideas, which, in one way or another, will be kept in the definitive text. The first is that the law leaves most of the public assets as they were. Nowhere is it stated that these will be state assets or that they will be privatized in one way or another. Matters are simply left as they were. Approximate estimates indicate that this applies to the highest share of the public assets—no less than 60 percent. This means that the highest share of the public assets will continue to be reproduced, although the objective is to get rid in the future of the concept of "everyone's and no one's," to abandon the concept of public property, and to know the specific owner of each specific asset.

The second remark deals with Article 8, which I consider totally unnecessary, because it calls for defining the nature of state assets. This is totally useless and, moreover, violates the principle of paid privatization. Furthermore, I do not think it is a good idea for the agency to be both a body of experts and a financing fund and the biggest shareholder, which it will most probably become,

bearing in mind the short deadlines set for the capitalization of the enterprises, after which the shares will be transferred to the agency.

[Crvenkovska] In your view, what role should the agency play?

[Gosev] The best would be for the agency to be an expert consulting authority and to provide expert advice on privatization until the financial aspects have been distributed among the funds, above all the Development Fund.

[Crvenkovska] Do you have any other remarks?

[Gosev] Yes. Let us take the short deadlines for selling enterprises as an example. This risks making the sale of enterprises for a realistic price impossible because Macedonia is short of capital. If we want privatization to develop on the basis of realistic prices, we should allow the purchasing process to take all of the time it needs, based on available profit, population savings, or the possibilities of the private sector. Furthermore, the law does not solve the problem of the administration of enterprises that will not be privatized, the status quo of which will remain unchanged. This is not good. Nor is it proper for the managing rights in enterprises that will be sold to go to whomever will put down at least 10, 20, or 30 percent of the total purchase price of the enterprise. It would be proper to find patrons or owners who would take proper care of the enterprises. However, this would entail a substantial risk. For example, one or two people could combine funds and, with a 20-percent down payment, assume managerial rights in an enterprise and subsequently engage in all kinds of financial transactions to sell assets to other enterprises or to add more owners.

The Government Wants To Be Owner

[Crvenkovska] You were one of those who, in the public debates on the draft law, asked whether this was a privatization law or a nationalization law. Why did you ask?

[Gosev] Among other reasons, because the government is trying with that law to acquire ownership rights over all of the property, stating that enterprises that cannot complete preparations or privatization on time may be subject to being temporarily managed. That means a change in the management team: The government will introduce its own management in such enterprises. That is entirely improper and should not occur because it is a very dangerous situation. In that manner, indirectly, the government would in fact be passing a nationalization law. Clearly, if the government or any one of its authorities, such as the agency, let us say, were to take over management, we know whose property the enterprise would become.

Furthermore, for some reason the government is not telling us what percentage of the public assets will remain the property of the state. It merely says that will be determined later. The future of agriculture also remains

unclear. What will happen to the agricultural combines? Will they continue to be subsidized?

[Crvenkovska] In your view, is it possible to have fair privatization?

[Gosev] There have been a number of discussions on the question of whether an equitable privatization could be achieved. Obviously, those who learned how to acquire property on the basis of previous socialist practices would defend the concept that property must be redistributed and, in a single step, poverty eliminated. There are also a number of social groups that claim that, because of the labor they have invested in a share of the public assets, they should gain possession of that share. If we follow that logic, it would mean that we adopt the principle of free distribution and reject the principle of paid privatization. Naturally, we must not decide in advance that equitable privatization is impossible. We must make the effort to make the process equitable. That in itself is no easy matter.

The Funds: Temporary Owners

[Crvenkovska] Do you have ideas of your own on the way to accomplish privatization in Macedonia?

[Gosev] My concept involves laying some basic foundations. The first is to block the further expansion of public ownership. That is possible by blocking any further increase in working capital. All new capital invested in enterprises that would be encompassed by privatization should have known owners. My proposal is that the various funds become temporary owners. They would not have management rights because it would not be they who had invested the capital in the enterprises. If the enterprise were to be converted into a corporation, the funds would acquire preferential stock without voting rights. If the state were to become the owner of part of such assets, I believe it should have a voice in management for that particular share. Why do I suggest the funds as provisional owners of the highest percentage of such newly created assets? Because if such assets were kept by the enterprise, we would have a kind of people's capitalism.

The government's proposal mentions only the pension fund. However, I think the agency as well should act as a fund, a financial fund. My idea is to have a larger number of funds—to facilitate control, for one thing. For example, there should be a development fund and a fund to compensate former owners, and I would even suggest a fund for the protection of the land and a green fund. Therefore, there would be a larger number of funds to gradually take over the public assets as provisional and temporary owners, after which such assets would be sold. In this manner, the funds would protect the public assets, and the real process of privatization would start when purchasers appeared. I believe that management rights should remain in the hands of the enterprise, in the hands of the management team and those who invest capital in the enterprise, which would apply to the workers themselves or to outsiders. I believe that good

management teams, wherever they exist, should retain management rights. Should the enterprise function poorly and be unable to pay preferential stock dividends, the management team should be replaced.

My suggestion is the following: We should not nationalize assets or reproduce state socialism and public ownership. We must discard such things if we wish to change the social system.

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